

PROGRESSIVE ACTION FOR SUSTAINABLE DEVELOPMENT

2021 KCB GROUP SUSTAINABILITY REPORT



ABOUT THIS REPORT



his report details KCB Group's Sustainability progress for the financial year 2021, and complements the overall performance of the Group as presented in our Integrated Report and Financial Statements.

This report shows our holistic approach in integrating Environmental, Social, and Governance (ESG) practises in all our areas of operation across the KCB Group anchored within the UN Sustainable Development Goals (SDGs). This is in line with the United Nations Environment Programme Financial Initiative (UNEP-FI), Principles for Responsible Banking (PRB) of which KCB is a founding member, and the United Nations Global Compact (UNGC) principles. The report marks a shift in focus from our 10-point action plan to reporting against the Group's adopted SDGs thus solidifying our commitment to sustainability.

In developing this report, we have utilised the Global Reporting Initiative [GRI] framework as a standard of measure to capture our impact, as well as forecast our ambitions for the future. As a Group, we are continuously innovating to ensure that our business is aligned with key fundamental sustainability frameworks. These include, but are not limited to the Equator Principles; International

Finance Corporation (IFC) performance standards; Principles of Responsible Banking and UNGC principles, which inform our plans to build a sustainable banking business that is responsive to the needs of current and future generations.

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

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

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

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





Over 125

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



customers so far. KCB Group has been a catalyst for development for more than a century CB Group Plc ("KCB" or the "Group") is a non-operating holding company incorporated in Kenya. It is a leading financial solutions provider with over 125 years of expertise in supporting economic development in East Africa by simplifying our customers' world to boost their progress. The Group was established in 1896, and is headquartered in Nairobi, Kenya. The country also serves as our lead market with two banking subsidiaries, KCB Bank Kenya Limited ("the Bank") and National Bank of Kenya.

The former is a leading bank in the country with significant market share in total assets, revenue, customer base as well as physical and digital distribution channels. Our regional subsidiaries' network spans over five countries: Tanzania, South Sudan, Uganda, Rwanda, Burundi, and a representative office in Ethiopia. In 2021, the Group completed the acquisition of a majority stake in Banque Populaire du Rwanda, the country's second largest lender. This led to one of the most impactful achievements within the reporting period. KCB also has several nonbanking subsidiaries in its fold to maximise on the opportunities available in the financial services value chain.

These include, the KCB Bancassurance Intermediary Limited (formerly KCB Insurance Agency Limited), KCB Capital and other associate companies. A complete list of these companies, areas of activity and a breakdown of the size of the Group's shareholding is available on page 222 of the Integrated Report 2021.

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

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

The Group has been listed on the Nairobi Securities Exchange (NSE) since 1988. It has since been cross-listed on the Dar es Salaam Stock Exchange (DSE), Uganda Securities Exchange (USE), and Rwanda Stock Exchange (RSE). As at the end of 2021, the Group had 193,274 individual and institutional shareholders. KCB has consistently invested in deepening its sustainability plan to build a responsible business for the future, focusing on the Environmental, Social, Financial, and Economic pillars.





INTRODUCTION

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

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

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

Covering a broad spectrum of sustainable development topics relevant to our financial sector – such as poverty, climate change and environmental degradation, sustainable infrastructure, and strategic partnerships – the adopted SDGs will go a long way in connecting our business strategies with global priorities. One of the goals of the SDGs is to redirect global public and private investment flows toward the challenges they address. These global priorities will define the markets we operate in and see us deliver innovative solutions and transformative change.

Expansion and growth in the region have been core to our business agenda. With the recent expansion of our operations in Rwanda, we continue to augment financial inclusion in the region. Through the regional expansion, the subsidiaries will play a critical role in driving financial inclusion with a focus on inclusive growth, equality, economic opportunities, money management, investment initiatives and poverty reduction. We believe that our combined scale and resources mean that we can simplify and improve the lives of more customers in the region in

more ways than just through financial solutions.

The Group maintains an optimal amount of capital to support our growth goals, drive investment opportunities and meet regulatory needs. Despite the challenges of the year, the Group maintained a strong capital base and a variety of

66

Covering a broad spectrum of sustainable development topics relevant to our financial sector... the adopted SDGs will go a long way in connecting our business strategies with global priorities.

funding sources, thus enabling us to offer competitive banking solutions across all our markets including provision of the in in necessary safety nets in collaboration with national governments.

The COVID-19 pandemic revealed, in unprecedented ways, the importance of digital solutions in banking operations. We are now focusing on accelerating digital banking products to reach the marginalised and unbanked. With increased digital migration, technology

is essentially the backbone of the Group. For the past year, we have worked on strengthening our systems to boost service delivery to our customers. We improved the uptime of the core banking system and critical customer-facing channels to 99.8% availability. This was necessary, especially as we are scaling up on digital banking, and now the system can sustain more transactions on the digital channels compared with previous years.

Apart from scaling up our digital banking, we have taken a keen focus in tackling climate change. Our climate action efforts have driven us to set the net zero target to 2050 and join the Net Zero Banking Alliance (NZBA), a global alliance of financial institutions with the common goal of achieving net zero by 2050. By joining the NZBA, KCB Group PLC became part of other global banks representing over 40% of global banking assets while also aligning our lending portfolio with the goal of achieving net zero carbon emissions by 2050. As part of accelerating our climate commitment and increasing climate flows, the Group committed to direct 25% of the total loan portfolio to green investments by 2025. In this way, we can work with the global community to accelerate climate action. The Group recognises the role played by Micro, Small and Medium Enterprises (MSMEs) in our diverse economy, which is why we renewed our focus to support MSMEs as well as individual customers during and post-pandemic to enable them to build back better.

To this end, we prioritised funding to households and MSMEs to drive the economy to recover from the disruptions therefore caused by the COVID-19 pandemic. We rolled out an MSME campaign offering targeted financial and capacity support to boost their working capital. To achieve this, we revised the loan appraisal process and improved the thresholds to ensure more financing is availed to these customers. The Group also supported COVID-19 awareness drives by encouraging our staff and customers to take the vaccines through various communication channels.





REPORT KEY

02 **ABOUT THIS**

04 INTRODUCTION 09

OVERVIEW

10

SUSTAINABILITY HIGHLIGHTS

REGIONAL PRESENCE

TOP **ACHIEVEMENTS** 2021



OVERVIEW



OUR MISSION

26

FROM THE MANAGEMENT 36

60

PROGRESS IN

OUR STRATEGY

PILLARS

GOVERNANCE & INTEGRITY

45

VALUE CREATION

ALIGNING TO THE NORTH STAR

50

KCB

FOUNDATION



POLICIES AND CODES OF CONDUCT



CUSTOMER FIRST



STAKEHOLDER ENGAGEMENT

78

STAKEHOLDER **ENGAGEMENT**

86

MATERIAL **TOPICS**

129

PRINCIPLES OF RESPONSIBLE **BANKING (PRB)** SELF-ASSESMENT



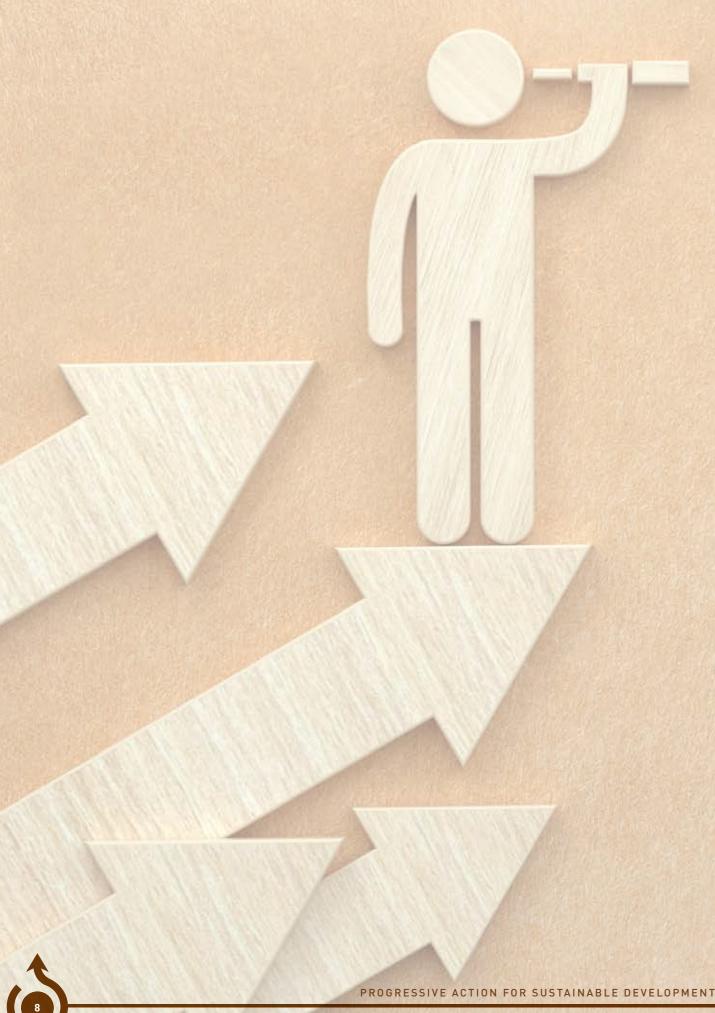
CARBON FOOTPRINT ASSESSMENT



CREATING VALUE FOR MANTOZ **ENTERPRISE**

139

GRI CONTENT INDEX







OUR PURPOSE:

Simplifying your world to enable your progress

OUR VISION:





provider in Africa with global reach

OUR MISSION:

To drive efficiency whilst grown share in ord solutions provider in Africa with global reach

OUR VALUES:





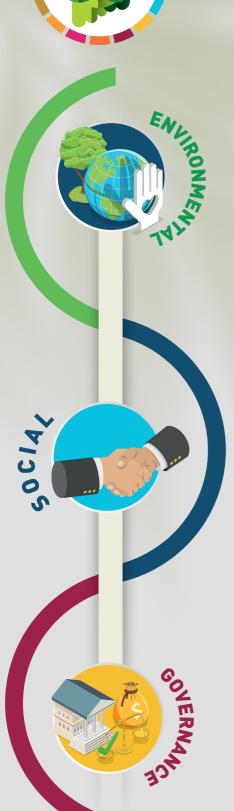
- I am a leader
- I find solutions
- I drive efficiency
- I simplify work
- I listen and care
- I am positive and committed

Go Ahead









KEY SUSTAINABILITY **HIGHLIGHTS**



17% Overall reduction in resource usage.



11.25%

Carbon footprint reduction. KCB committed to be net zero by 2050.



RENEWABLE ENERGY

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



ကို 28M

KCB

Customers.



89B

Lent to MSME customers.



313

KShs. 11.2B

Disbursed under the Inua Jamii program.



KShs. 44.6B

Disbursed under Women Value Proposition programme.



KShs. 2.1T

400 million transactions valued at KShs. 2.1 trillion transacted on mobile phones.



KShs. 0.6T

57 million transactions valued at KShs. 0.6 trillion transacted at banking agent locations.



8.4%

Proportion of climate finance

portfolio to the total loan book

CARBON EMISSIONS

Progress on the net zero emissions by

joining Net Zero Banking Alliance (NZBA).

up from 4% in 2020.

Jobs created under the Young Africa Works program.



3.8%

Percentage of procurement contracts to special interest groups.



45

Farmer organisations trained under the Mifugo Ni Mali program.



KCB Group is committed to creating long-term value for

shared prosperity through the alignment of our strategy to sustainable practices. As we deepen our presence across the

region, we seek to address the Environmental, Social, and Governance (ESG) risks and opportunities, and effects of our

operations in a manner consistent with our values.

412

Livestock farmers trained on productivity, record keeping and access to finance.



53

Improvement in **Customer Net Promoter** Score from 51.



5,092

Youths trained under the 2Jiajiri program in 2021.



Branches transitioned

to using LED lighting.

KShs. 245B

Value of facilities

risk assessment.

40%

assesed against E&S

10,155 Women in

business trained.



320

Scholarships awarded under the high school scholarships programme.



University Scholarships provided in 2021.

















Staff trained on sustainability.



46% Female employees.

Suppliers signed up to

the code of ethics.



474

PROGRESSIVE ACTION FOR SUSTAINABLE DEVELOPMENT

Incidences of fraud prevented.



250

Women trained under women in leadership program.



27%

Women members in Group Board up from 18% in in 2020.



25%

Women members in senior management.



27%

Zero tolerance policy to all forms of corruption, bribery and unethical business practices at the work place.



8.025

Staff trained on anti-money laundering



Policies aligned to sustainable finance.











REGIONAL PRESENC

Scaling for Regional Relevance

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

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

The entity is expected to play a critical role in driving financial deepening in Rwanda by focusing on inclusive growth, equality, economic opportunities, money management, investment initiatives, and poverty reduction. We believe that our combined scale and resources mean that we can simplify and improve the lives of more regional customers in more ways than just through financial solutions.

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

In Tanzania, the Group had to unfortunately end its pursuit to acquire BancABC due to the non-receipt of all required regulatory approvals within the set date. However, we continue to explore opportunities in this market in



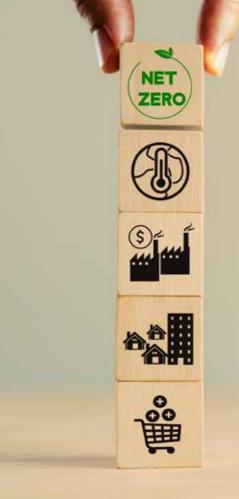
The Group will continue exploring and pursuing opportunities to enhance our regional participation and expansion in order to accelerate our growth and maintain sustainable longterm success in line with our growth strategy of developing a strong pan-African Bank.

the medium term, as well as continuing to steer the Group's organic growth.

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in order to accelerate our growth and maintain sustainable long-term success in line with our growth strategy of developing a strong pan-African Bank.

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



Our Mission

Our focus is to lead the way in sustainability with a keen focus on sustainable financing in Africa, which is core to our business and in line with accelerating the development of a low carbon resilient economy by pivoting the financing of mitigation and adaptation activities. As a leading financial institution in East Africa, we are responsible to the communities we serve to drive financial access and offer opportunities that build economies to contribute to a sustainable

future that leaves no one behind.

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



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driven by technology, thus accelerating

Looking into the future, we foresee a





Strategic Relevance

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

Since the Green Climate Fund (GCF) accreditation in 2020, the Bank has continued to raise its ambitions on climate finance by fronting green project concept notes to GCF. In addition, the Group joined a group of ambitious global financial institutions to declare its net zero commitment by 2050. As part of this strategy, the Group has set a target to achieve greening of 25% of the total

loan portfolio by 2025 from the current 8.4%. We continue to reinvest in our subsidiaries to better equip them with the resources needed to achieve this agenda. This is a chance for us to increase our influence in the region by providing our customers with innovative and bespoke products and solutions that are heavily



















Group: Strategic Collaborations for Net Zero Commitment and Awards

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

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

To further align our ambition toward catalysing this Net Zero objective, we joined a group of Global Financial institutions to form the Glasgow Financial Alliance for Net Zero (GFANZ) before COP 26. The Alliance is a global coalition of leading financial institutions committed to accelerating the transition to a Net-



In April 2021, KCB Group PLC joined other global banks that represent over 40% of global banking assets by signing onto the Net Zero Banking Alliance (NZBA) to align our lending portfolio towards achieving net zero carbon emissions by 2050.

Zero-emissions economy by 2050. Through a collaborative approach with other international financial institutions, we shall be able to direct more climate finance flows to developing countries.

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



Kenya: Scaling for Sustainable Growth

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

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

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

The programme's objective is to support the water



KShs.5B

set aside for financing Water, Sanitation and through the Majikonnect programme.

last-mile connectivity. Majikonnect is

on the first year of a five-year cycle,

Hygiene (WASH)

sector through affordable and flexible financing to improve access to water services, right from infrastructure to

and is supported by partnerships with Safaricom, SMART People Africa (SPA), Davis & Shirtliff (D&S), Agua for All and Water Services Providers Association (WASPA).

On mainstreaming innovation, NBK upgraded its business management process system to enhance efficiency and improve the turnaround time of opening an account through automation of customer screening and data capture.

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

NBK signed a trade

partnership deal with leading global logistics provider DP World to offer e-commerce services to Kenyan traders to enable them to access goods from across

the globe.



KCBF a scholars programme for university students.



Rwanda: Digitising for Growth

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



POS converged solution implemented to enhance efficiency.



This enhanced technological inclusion, which is in line with the Group's sustainability agenda. The establishment of the MBanki platform was another vital development that will go a long way in ensuring that an individual can open an account from anywhere in the country, in



The Bank pledged 1,000 smart phones during the Connect Rwanda Challenge.

addition to boosting financial inclusion by focusing on banking the underbanked.

During the COVID-19 pandemic, the

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

South Sudan: Facilitating Economic Recovery Post COVID-19

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

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

As a Bank we supported a national vaccination campaign, through the distribution of COVID-19 vaccines, supported by the World Bank and COVAX.

Uganda: Driving Home the **Digital Agenda**

s part of accelerating the Group's digital agenda and fulfilling our strategic thrust to be digital and digital to the core, we committed to lead in innovation and technologydriven banking services by providing



alternative platforms and realtime banking options. enhancements platforms. The subsidiary was mainstream payments Internet banking as well as bill payments (for Uganda Revenue Authority, National Social Security Fund, National

Water & Sewerage Corporation) via Internet banking. The Bank has also been at the forefront of integrating point of sale machines, including the Umeme payments, as well as launching eight ATM recyclers to scale a circular economy.

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

Tanzania: Advancing Technology for Efficiency

s part of strengthening our reputation and purpose in Tanzania, the Bank deployed an n-country primary data centre in line with regulatory requirements. The data centre was critical in enhancing



The Bank deployed in-country primary data centre in line with regulatory requirements.

cyber resilience as well as enhancing data privacy and

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





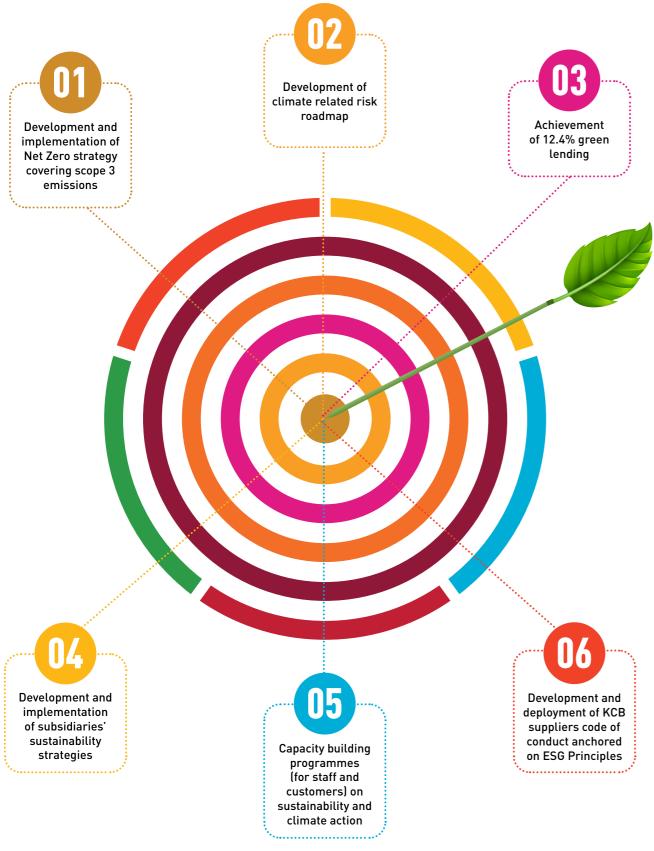
Burundi: Innovative Services for a Competitive **Advantage**

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

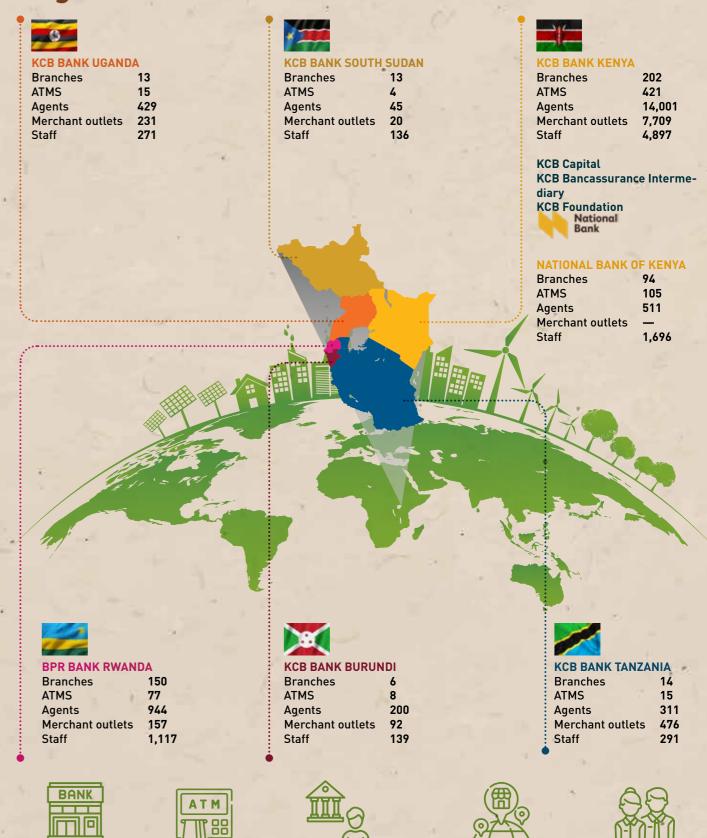




Sustainability Developments and Targets for 2022



Regional Presence



AGENTS

25,126









8,538

ATMS

1,178

BRANCHES

492



Leading the way for a Sustainable Future

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

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

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

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

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

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

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

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

In Kenya, the Central Bank of Kenya (CBK) issued the first of its kind Guidance to Climate-Related Risk Management for the banking sector. The Guidance intends to enable banks to integrate the opportunities and risks

Sustainability has become a key element in business management. The World Economic Forum 2022 risk report considers societal and environmental risks as the most pressing concerns in the next five years.

arising from climate change into their governance structure, strategy, and risk management frameworks. The Guidance will further guide the financial sector in disclosing climate-related information to their stakeholders. For the bank, the issuance of the guidelines has been embraced as they are in line with the Bank's sustainability journey.

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

There are definite opportunities available for the Group, considering our longstanding leadership and engagement on sustainability by leveraging our financial assets and our geographical footprint. Our unique approach to sustainability leverages all facets of what KCB Group stands for. From collaborating with our customers and suppliers on their green transition, to engaging with our employees to effect the changes they want to see in the world.

We continually rely on our customer experience, digital innovations and setting green-lending targets to provide world-class service and increase the much-needed financial access. The team at KCB Group is always looking out to ensure we deliver efficient and responsive services, that leverage on synergies and economies of scale across the business.

The Group's commitment to our nine SDGs will continue to drive our sustainability agenda. We are committed



The Group's commitment to our nine SDGs will continue to drive our sustainability agenda.

towards actions required to achieve the 2030 target on SDGs by ensuring that we deliver value to all our stakeholders.

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

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























Andrew Wambari Kairu, **KCB Group Chairman**

Financing Sustainable Progress

CB Group has been part of East Africa's history for more than 125 years, playing an essential role in the region by deepening financial inclusion. As a Group, we continuously turn dreams into reality and challenges into opportunities by positioning efficient customer service and digital banking products.

As we celebrate 125 years, we remain dedicated to enhancing our support to our stakeholders. The past two years have demonstrated the resilience of East African communities, businesses, and economies. We will continue to provide targeted assistance to those who need it most to foster inclusive sustainable recovery to ensure no one is left behind while recovering from the pandemic.

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

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

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

brought catastrophic negative impacts to livelihoods

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

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

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



This progress has been bolstered by the need to prioritise sustainable finance, which has been actualised through the Group's decision to accelerate green financing of our total loan portfolio from 4% in 2020 to 8.4% in 2021.

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

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

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

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

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

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

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

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

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



As we progress to the future, we remain committed to creating long-term value for shared prosperity by aligning our strategy to sustainable business practises.



Paul Russo, Group Chief Executive Officer



A Purpose-Led Economy

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

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

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

We continue to anchor our processes and

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

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

From a social impact perspective, we are scaling our role in education through the Scholars Programme under the KCB Foundation, where we are focused on awarding scholarships to bright and needy students from marginalised communities. Our enterprise development programme anchored on the 2jiajiri Programme has seen the Group Foundation create 64,186 direct jobs and 385,008 indirect jobs cumulatively. Under our livestock programme, through the Foundation, we foster sustainable agriculture via Mifugo ni Mali, and we have been able

to support over 113 Farmer Community Organisations on leadership and financial management courses, and on livestock value chains, including creating over 8,400 jobs in the livestock value chain.

The Group has also renewed its focus on growing MSMEs and Women-Owned Enterprises with over KShs.89 billion disbursed to MSMEs and KShs.44.6 billion disbursed to women-led businesses, consequently augmenting our offerings to SDG 1, 8, 10 and 11.

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

The pandemic and the changes in the regulatory environment have demonstrated how years of sustainable thinking and acting delivered value for the Group, staff, customers, and other stakeholders, as demonstrated by the results in this report. In line with the KCB culture, we will continue to focus





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on our business contribution to climate change from a risk perspective and from an opportunity perspective striving to disclose our impact while setting voluntary targets that support positive climate development.

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







Aligning Sustainability to our Strategy

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

Our strategy remains anchored on delivering the very best in customer experience and driving a digital future. In anticipation of a stronger year ahead, and a more sustainable recovery, we are deepening our focus on supporting various sectors of the economy as we

rough our Beyond Banking walk with our customers to regain the lost foothold caused by the COVID-19 crisis. We are making strategic investments to deepen our regional play while building a sustainable business for the future that is anchored on people, planet and profits.

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

Looking ahead, KCB believes in being a



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

purpose-led organisation that takes into education sector, specifically university account all its stakeholders and runs scholarships, by sponsoring over a sustainable business that impacts society positively as a responsible corporate citizen.

We will continue to pursue key initiatives Sudan markets. to strengthen this resolve. Through our KCB Foundation, we focus on redefining our social initiatives via strategic partnerships such as the Young Africa Works programme in collaboration with the Mastercard Foundation. We aim to expand our investment in the

We have commenced the drafting of a climate-related risk roadmap that will guide the process of climate risk approach and opportunities which will be submitted to the CBK for review and subsequent implementation.

1,000 students and accelerating the

apprentice programmes, including

scale-up and roll-out of the Foundation's

programnes in the Burundi and South

Looking at the broader sustainability focus, our priority will be to achieve targets in line with our nine adopted SDGs, by strongly focusing on climate finance as a key issue for the coming year. We will also invest in opportunities that have positioned climate action/ inaction as a principal risk requirement. We have commenced the drafting of a climate-related risk roadmap that will guide the process of climate risk approach and opportunities which will be submitted to the CBK for review and subsequent implementation. In addition, the Bank will set its Scope 3 emissions target, including evaluation of its investment emission, in line with the net zero ambition. To build an enabling environment, we shall continue to review our policies and enhance the capacities of our staff to better understand and spearhead the SDG focus ambition.



students to receive full university scholarships.







GOVERNANCE & INTEGRITY

The Role of the Board

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

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

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

The Board Charter sets out the Board's

authority and matters reserved for determination and approval by the Board. These include appointing the CEO; decisions concerning strategy and long-term objectives of the Group; the Group's capital financial planning and financial budgets; significant contracts,

and various statutory and regulatory

66

The Board Charter sets out the Board's authority and matters reserved for determination and approval by the Board. These include appointing the CEO; decisions concerning strategy and long-term objectives of the Group; the Group's capital, financial planning and financial budgets; significant contracts, and

approvals. Matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite are also reserved by the Board. To assist it in discharging these responsibilities, the Board has established Board committees to consider key issues. In deciding committee memberships, the Group Chairman endeavours to make the best use of the range of skills across the Board and shares out responsibilities. Overlapping memberships consider instances where matters raised in

one committee may have implications for another. Membership is reviewed periodically by the Group Chairman in collaboration with the Nominations committee. The Board receives a report from the Chairman of each committee on significant areas of discussion and key decisions at the subsequent Board meetings. Each committee has in place terms of reference that set out the roles and responsibilities and the procedural rules that apply to the committee. Under the procedural rules, each committee must be composed of at least three members, independent directors and have an independent Chairman. The Audit & Risk committee only consists of independent non-executive Directors in line with the provisions of the Prudential Guidelines issued by the CBK.

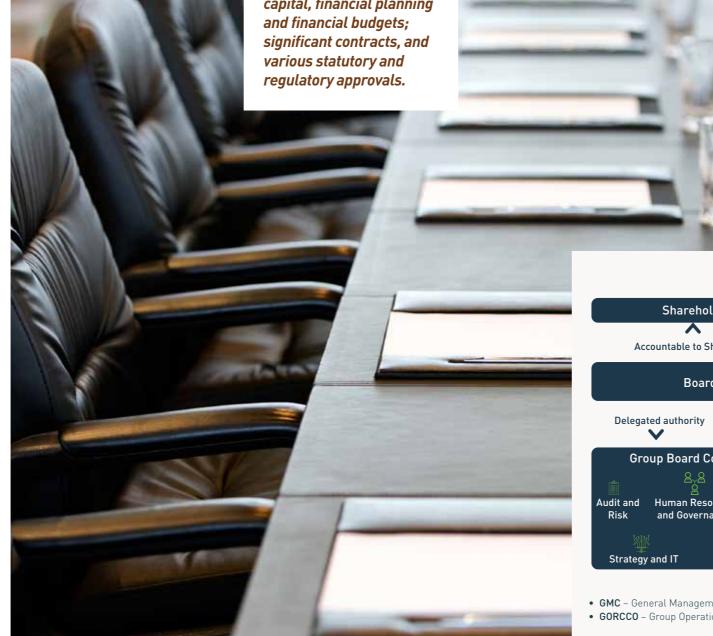
The committees include the Audit & Risk, Human Resources & Governance, Nomination Committee, Strategy & IT Committee, and the Oversight Committee. The Board operates within a clearly defined governance framework that provides for delegated authority and clear lines of responsibility without abdicating the responsibility of the Board. Through the framework, the Board sets out the strategic direction of the Group

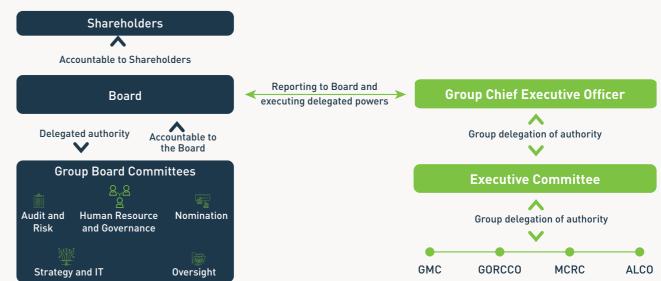
while entrusting the day-to-day running of the organisation to the executive management led by the Group Chief Executive Officer with their performance closely monitored against set objectives and policies.

The Group Chief Executive Officer in turn delegates aspects of his authority to members of the Executive Committee through the following committees: the General Management Committee (GMC), the Assets and Liabilities Management Committee (ALCO), the Group Operational Risk and Compliance Committee (GORCCO), and the Management Credit & Risk Committee (MCRC).

The scope of and limitations to these delegations are clearly documented and cover areas such as operating expenditure, capital expenditure and investments. These delegations balance effective oversight with appropriate empowerment and accountability of senior executives.

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





- GMC General Management Committee ALCO Assets and Liabilities Management Committee
- GORCCO Group Operational Risk and Compliance Committee MCRC Management Credit Risk Committee

▶ The Board Charter, which has been approved and is regularly reviewed by the Board, provides a clear definition of the roles and responsibilities of the Group Chairman, directors and the Company Secretary. The roles and responsibilities of the Group Chairman and the Group Chief Executive Officer are separate and distinct, with a clear division of responsibility between the running of the Board and the executive responsibility of running KCB Group's business. The current KCB Group Board Charter was reviewed and approved by the Board on 5 March. 2019, and is available on the company website (www.kcbgroup.com).

The Board Charter provides that nonexecutive Directors are normally expected to serve a term not exceeding a total of eight years, subject to re-election by shareholders as required under the Company's Articles of Association, the Board Charter and applicable law. The Group Chairman would normally be expected to serve a maximum term of five years in that capacity. A Director appointed by the Board to fill a casual vacancy must seek election at the next Annual General Meeting (AGM) after their appointment. As further provided for in the Articles of Association, at every AGM, and as may be applicable, at least one-third of the non-executive Directors must retire from the Board and where eligible, stand for re-election.

Responsible business

The Board is committed to upholding transparency and accountability to our shareholders and investors. The Board works to ensure that all shareholders are treated equitably, and their rights are protected. The Board actively reviews the social, environmental, and economic issues that are pertinent to the region where the subsidiaries operates and consistently incorporates this information in its policy decisions relative to the Group's commitment to sustainable business practises. This year, the Board reviewed and approved six critical policies pertaining to our sustainability agenda thus ensuring adherence to these policies informs decisions made throughout all our entities and subsidiaries. The risk appetite policy was reviewed to include

climate finance to align with the Group's overall direction of scaling green finance, including alignment with the net zero target.

The KCB Group has adopted the International Finance Corporation's (IFC) Performance Standards as international best practises to be the specific KCB Group performance requirements for loan approvals above KShs. 50 million covering the key areas of Social, Environmental and Governance (ESG) impacts and issues that clients are expected to meet.

The Group operates in dynamic markets where it is critical to develop sensitivity to the views of various stakeholders for maintenance of trust among its stakeholders. It is important for the Group to ensure that stakeholders understand its position on various issues affecting them in the market while building partnerships and creating allies who can tolerate divergent views. To accommodate this, the Group has in place a whistleblowing process that seeks to address any issue that might be of discomfort for any stakeholder. This mechanism utilises anonymity in the channel of communication both for internal and external stakeholders.

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

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



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Social Accountability

In addition to what we do in responsible businesss, we believe that good corporate governance and effective risk management are essential. We ensure that the Foundation is run in an ethical, transparent and accountable manner by having strong governance processes and structures in place, along with guiding principles and clear lines of responsibility where the Chief of Party reports to the Group Director, Marketing, Corporate Affairs & Citizenship. The Board of Directors is ultimately in charge of the Foundation corporate governance, and the established Governance Charter dictates how members should behave. At least once a year, the board members also go through individual and collective performance evaluations. A minimum of four board meetings are held annually.

Transparency and Accountability

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

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



Risk Management

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

The risk management framework includes mechanisms for identifying and estimating risks, defining the corporate structure and areas of responsibility for managing risk as well as putting in place adequate control and reporting mechanisms. KCB continually upgrades its risk management infrastructure and analyses the risk outlook, to enable informed decision-making. The Risk Management function supports the Board in formulating the risk appetite,

strategies, policies, and limits. It provides review, oversight, and support functions throughout KCB on risk-related items.

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

Risk appetite at the Group is defined by an effective framework for risk management and a key tool linking the organisation's strategy, capital allocation, and risk management. The risk appetite document declares the risk appetite of the Group. The Board of Directors establishes the risk appetite framework, taking into consideration the recommendations of the Senior Management. The risk appetite is translated into targets and limits for the business lines. The risk appetite document also establishes the roles and responsibilities of the Board of Directors and senior management in formulating the risk appetite





Sustaining Ethics

KCB Group recognises the important role it plays in the economy and the high level of trust it enjoys from its customers and stakeholders. To sustain this performance, the Group relies on its employees to maintain the highest standards of ethical and lawful conduct. In line with this, the Group has a documented Code of Ethical Conduct that stipulates the expected behaviours and standards of ethical conduct required of all staff and others acting for the Group.

The Code of Ethical Conduct is reviewed every three years, at the minimum, as per the Group's policy review requirements. However, the Code of Ethical Conduct is also reviewed as needed, should there be significant changes in the operating environment both internally and externally, which present matters requiring review.

KCB Staff are well guided and

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

The Head of Compliance and Ethics, reporting to the Group Chief Risk Officer, acts as the Group's designated shared services focal point for ethics and is a key contact for advice and support to all staff on ethical behaviour. Each KCB subsidiary has a Risk and Compliance Officer, and each business unit has an Ethics champion, thus ensuring the highest respect for our ethical culture throughout the KCB Group and across all territories in which we operate. In addition to this, staff also rely on the support of the line management.



Data Privacy communication campaigns to sensitise all customers and all stakeholders on the need, and how, to protect their own

frequently trained on strictly upholding customer confidentiality. All staff undertake a mandatory annual Ethics E-learning course. With the increased has fully embraced, the stipulations of focus on digital services, customer currently being implemented within the confidentiality has been re-emphasised through periodic communication issued to all staff. addressed across the Group.

Cases involving breach of customer confidentiality are noted, investigated by the Forensics team and disciplinary with the Human Resources Division in action taken where omissions are noted. KCB Group complies with all laws and regulatory guidelines, and continuously avoidance of stigmatisation and other will not be tolerated by the Group. ensures that internal policies are ethics matters are still considered key elements in the implementation of the aligned in the respective jurisdictions in Pandemic Response plan by the Crisis which the subsidiariesv operates. The Group also consistently invests in public Management Team.

The implementation is being done in compliance with regulatory guidelines including the CBK Guidance Note to the banking Sector on Pandemic Planning. The KCB Group Code of Over and above the Consumer Ethical Conduct requires a conducive Protection requirements that the Group working environment for all staff, and the HR policy on Harassment and the Kenya Data Protection Act 2019 are Discrimination provides for a work environment that is free from all forms Group and any new matters that have of discrimination-related conduct. In this been introduced by the Act are being regard, while the Group continues taking active measures to prevent the spread of COVID-19 among its customers and staff, The Ethics team worked in collaboration the privacy of those who got infected is still respected while communicating the implementation of the Pandemic that discrimination against infected Response plan. Respect, privacy and customers, colleagues and stakeholders

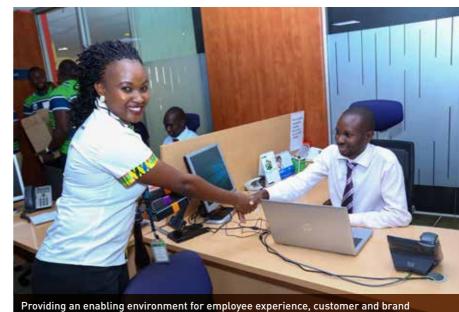
COVID-19 and Ethics

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

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



Policies and Code of Conduct



Providing an enabling environment for employee experience, customer and brand

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

Ethical Conduct

Our Code of Ethical Conduct covers a range of areas, including personal conduct, integrity, honesty, transparency, accountability, fairness, and prevention of corruption. It emphasises the importance of making the right decisions and



GOVERNANCE & INTEGRITY

behaving in a manner that fosters respect and trust in the organisation. The Code sets out clear behavioural requirements, and there are consequences where these are not met. The Group has in place a suite of policies and practises to promote a culture of compliance, honesty and ethical behaviour in relation to antimoney laundering and counter-terrorism financing, whistleblower protection and conflicts of interest.

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

Whistleblowing and Grievance Mechanism

KCBGroup does not tolerate fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, directors, customers, and contractors. KCB Group is committed to a culture that encourages all people to speak up about issues or conduct that concerns them. The KCB Group whistleblower programme encourages

reporting of any wrongdoing in a way that protects and supports whistleblowers. Additionally, the Group has in place a grievance mechanism to ensure that staff have an opportunity to be open and transparent on key issues without fear or discrimination. The platform aims to ensure that accountability is entrenched in all levels of the organisation. Both programmes provide confidential and open communication channels to raise concerns. The communication channels are supported and monitored independently by Deloitte, details of which are provided below:

Telephone Communication:

0800 720 990 (Kenya)

0800 110 025 (Tanzania)

(Uganda, South Sudan, Rwanda, and Burundi)

Toll free number:

Toll free number:

International calls:

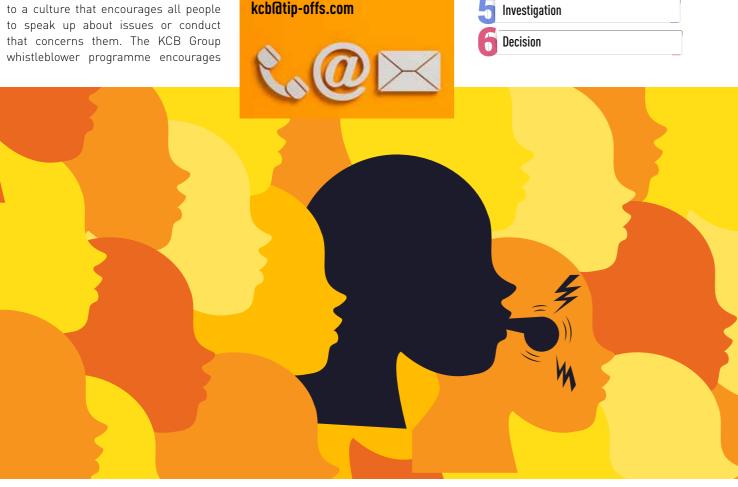
+27 315 715 795

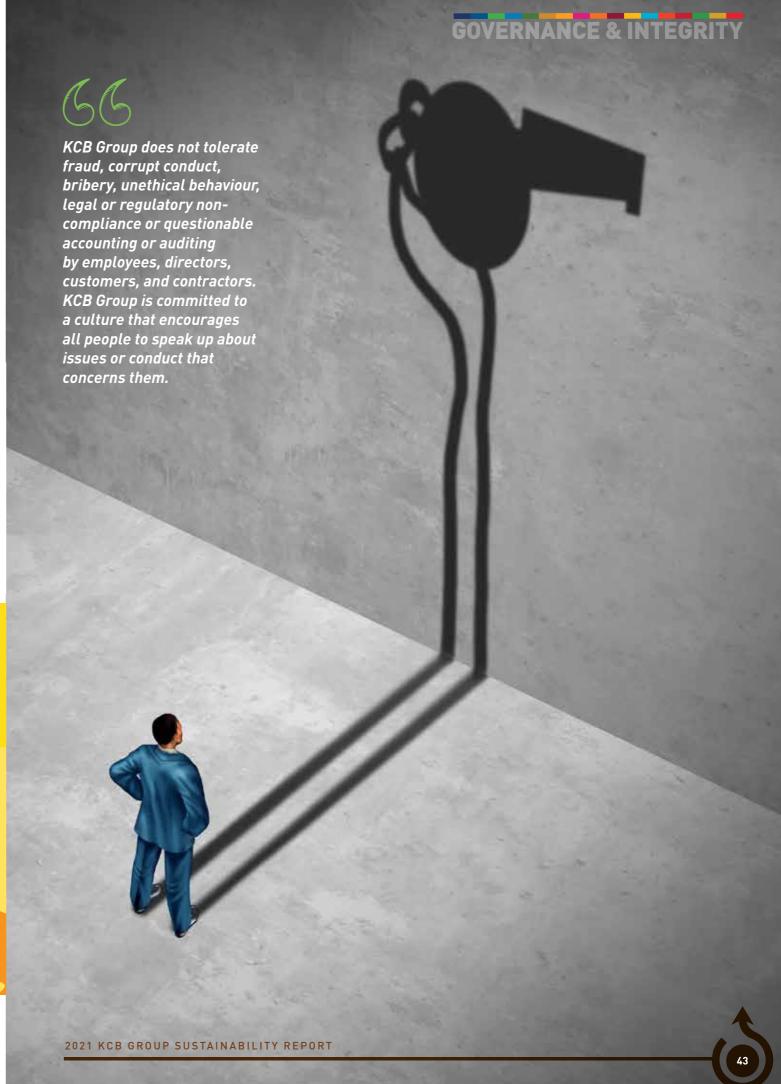
E-mail Communication:

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

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









Value Creation Process



Financial

: KShs. 171.7B Equity : KShs. 837.1B Borrowings: KShs. 37.6B





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

Intellectual



- Partner kwa Ground











Accounts

We enable the progress of our customers through various money management solutions:

- Current
- Transactional Mobile
- Savings

Investments

Generation of yields by way of:

- Fixed Deposit Receipt
- Custody Savings products

Transactions

Enabling Funds transfer

- through: Mobile
- Agents Internet
- POS/Merchants
- Branches
- ATMs

Forex

Provision of brokerage services to buy and sell foreign currencies through:

- Swift
- Futures • T-Bill/Bonds
- Savings products

Loans

We extend credit, in corporating responsible lending practices servicing:

- Personal
- Corporate
- SMF
- Micro

People

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





Investors

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

Regulators

- · Continuous streamlining with all required regulations
- Corporation tax expense in 2021: KShs. 13.6B

Customers

- 496.4M Transactions facilitated
- across all channels
- KShs. 80.2B growth in net loans advanced in 2021
- KShs. 69.9B growth in deposits
- mobilized in 2021 KShs. 2.1T transacted on mobile in 2021

Communities

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

Employee:

- KShs. 25.1 B salaries and benefits paid
- Average tenure: 9.0 years
- 454 promotions in 2021
- OHI Score of 79 in 2021
- · Staff cost to income ratio 22.9%

Suppliers

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







Aligning to the **North Star**

SDGs define global development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action by governments, businesses, and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

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

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

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

ENHANCING THE VALUE OF CORPORATE SUSTAINABILITY

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

STRENGTHENING STAKEHOLDER RELATIONS AND KEEPING THE PACE

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

We believe we can't succeed in societies that fail. Investing in the achievement of the SDGs supports our pillars for business success, which is anchored on our mission of driving efficiency while growing market share, including - but not limited to - supporting transparent financial systems, and non-corrupt and well-governed subsidiaries.

USING A COMMON LANGUAGE AND SHARED PURPOSE

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

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



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



Key Principal Indicators (KPIs) Under Each Adopted SDG Goal

SDG **KPI No Poverty** • Increase in the total number of MSMEs we lend to. • Rise in the total value of loans extended to groups commonly referred to as "chamas". • Growth in the number of groups / chama accounts. • Accelerate training on financial literacy. • Increase in the number of beneficiaries and amount disbursed through the Inua Jamii programme. **Decent Work and Economic Growth** • Through our channels, increase the value and volume of transactions facilitated by KCB. • Increase in the registration of mobile banking users. • Growth in mobile banking transactions. • Increase in the number of Mobi and KCB M-PESA loans disbursed. • Training of youth and Persons with Disabilities under the 2jiajri programme. • Supporting youth in entrepreneurship through incubations. Industry, **Innovation and** Infrastructure • Increase in the number of agri-business loans issued. • Registration of new mobile banking and KCB M-PESA users. • Capacaity building for MSMEs and women customers. Reduced **Inequalities** • Increase in the value of loans disbursed under Women Value Proposition. • Grow the number of beneficiaries in the Women In Leadership Network (WILN) programme. • Achieve a balance in the number of male and female staff. • Equal representation of women in the KCB Boards (Group and Country). • Increase the number of scholarships issued under the KCB Foundation Scholarship Programme. **Sustainable Cities** and Communities • Rise in the number of bancassurance policies and growth in the value of bancassurance premiums. • Growth in the mortgages issued under the affordable housing programme. • Increase in the number of commercial mortgages. • A rise in the number of retail mortgages. • Achieve an increase in the number of loans under the affordable housing scheme.

SDG KPI Responsible Consumption • Reduction in internal resource consumption. and Production • Successfully signing up all our suppliers to the code of ethics. • Transition KCB Branch Network and others to use LED lighting. • Increase procurement spend on special interest groups. • Increase spend on local suppliers and subsequently reduce spend on international suppliers. • Growth in the number of corporate clients with Social and Environmental policies in place. **Climate Action** • Growth in the number of green loans disbursed. • Increase in the number and value of loans screened through Environment and Social Due Diligence • Measurement, tracking and reduction of Group's carbon emissions. Peace, Justice and Strong • Preventing theft and fraud by investing in robust cyber-security systems. Institutions (· Providing anti-fraud training to staff. • Providing employees with continuous exposure to e-learning courses on ethics. • Enhancing anti-money laundering awareness across the Group. • Increasing employee engagement (leadership, mental health awareness, ethical awareness, career development) through forums such as town halls and feedback surveys. **Partnerships** for the Goals Sign up to partnerships through initiatives such as KCB 2jiajiri programme and Mifugo Ni Mali, • Strengthening partnerships with schools that are operating accounts with KCB. Growth in the number of active local suppliers



Progress in our Adopted SDGs

ADOPTED SDG	AGENDA	INITIATIVES	2020 ACHIEVEMENTS (BASELINE)	2021 ACHIEVEMENTS
No Poverty		Active MSMEs lending relationships	26,229	4 7,364
No Poverty	To help reduce poverty within the scope of our operations for sustainable livelihoods and economic growth by expanding access to finance for all.	Loans extended to group / chamas	KShs. 95.3 million	KShs. 480.2 million
		Number of groups / chama accounts	11,374	59,197
		Group trainings on financial literacy	120	1 43
		Value of micro deposit mobilisation	KShs. 416.6 million	KShs. 674.7 million
		Amount disbursed for Inua Jamii programme	KShs. 11.4 billion	KShs. 11.2 billion
		Beneficiaries served through Inua Jamii programme	599,007	561,321
Decent Work and	To participate in economic activities that create shared prosperity for current and future generations, ensuring stability, business growth, and operational efficiency by growing product lines aimed at making life easier for our customers through diversification, technological upgrade, and innovation.	Youths trained under KCB 2jiajiri programme	6,370	5,092
Economic Growth		Persons with disability trained under 2jiajri programme	49	1 12
		Number of transactions done by agents with revenues	8.6 million	▲ 16.8 million
		Value of transactions done by agents	KShs. 446.7 billion	KShs. 598.1 billion
		Number of loans processed under mobile banking	KShs. 152.5 million	KShs. 279.8 million
		Number of registered KCB M-Pesa users	17.2 million	▲ 18.6 million
		Value of KCB M-PESA loans disbursed	KShs. 62.4 billion	KShs. 45.4 billion
Industry, Innovation and Infrastructure	To re-invent intellectual innovations for digital services and product development that provides the best customer experiences by increasing access to financial services for small-scale industries and other enterprises, including affordable credit and developing new products under the digital future programme.	Number of agribusiness loans	616	1,273
		Value of agribusiness loans	KShs. 360.7 million	KShs. 1.35 billion
		Products and innovations addressing social issues / challenges e.g., COVID-19	13	14
Reduced	To help reduce inequality in our communities and workplaces by ensuring equal resource distribution in the community and equal gender parity in the workforce by implementing programmes that promote equality.	Loans disbursed under women value proposition	KShs. 24.3 billion	KShs. 44.6 billion
Inequalities		Beneficiaries of Women in Leadership Forum	250	250
		% of male permanent and pensionable employees	55%	54%
		% of female permanent and pensionable employees	45%	4 6%
		% of employees living with a disability	0.37%	0.57%
		Percentage composition of women on the KCB Group Boards	18%	27%



ALIGNING TO THE NORTH STAR

ADOPTED SDG	AGENDA	INITIATIVES	2020 ACHIEVEMENTS (BASELINE)	2	2021 ACHIEVEMENTS
Sustainable Cities and Communities	To develop equitable, inclusive products and services. Additionally, support youth and communities to prosper, and enable us to create shared value for the community by providing financing solutions directed at economic losses caused by disasters. These include water-related disasters, with a focus on protecting the poor and persons in vulnerable situations, and providing mortgages for affordable housing programmes.	Value of life assurance	KShs. 470 million		KShs. 820 million
		Value of healthcare insurance	KShs. 580 million		KShs. 680 million
		Value of agribusiness insurance	KShs. 143 million		KShs. 146 million
		Number of Bancassurance policies	24,881		33,438
		Value of Bancassurance premiums	KShs. 2.6 billion		KShs. 3.2 billion
Responsible	To support responsible finance and resource consumption. Reduce our Carbon Footprint to protect and enhance the environment we depend on and live in by implementing responsible consumption initiatives, such as proper waste management.	% reduction on use of electricity, water, fuel & paper	23%		17%
Consumption		LED lighting in KCB branch network	40%		40%
and Production		Percentage spent on procurement - local spend %	68%	\blacksquare	63%
		Percentage spent on procurement - international spend %	32%		37%
		Spend for supplies (in billion): Local spend	KShs. 6.3 billion		KShs. 6.8 billion
		International spend	KShs. 3 billion		KShs. 4 billion
		Percentage spent for Special Group Suppliers of the procurement plan	1%	A	3.8%
Climate Action	To align our strategy and practises with the Paris Agreement on climate action objectives to positively	Group's overall carbon footprint reduction	23%	•	11.25%
Cimate Action	impact people, planet, and society. Transition to a net zero economy by 2050 by conducting portfolio analyses to gauge our emissions profile, and take appropriate actions to ensure that our corporate book is compliant.	% of green loans	4%		8.4%
		Staff trained on ESG and climate finance	3,358		6,633
		Policies aligned to sustainable finance	5		6
		Number of loans screened through ESDD (new and refinancing)	87		259 (Kenya)
		Value of loans screened through ESDD (new and refinancing) billions	KShs. 91.8 billion	A	KShs. 245billion
Peace, Justice and Strong Institutions	To establish regulatory compliance, innovative and robust systems, security, and ethics for a prosperous economy where we operate by establishing adherence standards defined in the Group Code of Ethical Conduct, and adopting best practises in corporate and risk management.	Number of staff undergoing anti-fraud training	4,549		8,025
		Number of employees undergone ethics e-learning courses	6,124		6,819
		% of achievement of anti-money laundering awareness across the group	94%	_	100%
		Number of employee engagements (leadership, mental health awareness, ethical awareness, career development) forums, e.g., town halls, feedback surveys etc.	154	•	177
		Number of suppliers signed up to the code of ethics	200		313
Partnerships	To establish strategic and transformative partnerships that provide access to financial products and services that lead to inclusive progress by promoting effective public, private and civil society partnerships.	Number of partnerships in KCB 2jiajiri programme	21	A	29
for the Goals		Number of partnerships in Mifugo ni Mali Farmer Producer Organisations (FPOs)	16	A	31
		Schools operating accounts with KCB	45,123	A	52,456
		School accounts operated by KCB	81,062	A	83,987
		Active local suppliers	668		715





PROGRESS IN OUR STRATEGY PILLARS

Progress in our Strategy Pillars

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

flow of credit to this segment. As a result, we advanced loans worth over KShs. 89 billion to over 47,364 MSMEs.

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

We believe that efficiency and productivity

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

The Group leveraged on digital technology to ensure that our customers transacted seamlessly and safely from the comfort of their homes and premises. We bolstered system capacity and reliability, and

enhanced sensitisation of customers on cybersecurity, consequently accelerating momentum on SDG 9.

Moreover, the Group continued to provide relief accommodation through loan moratoriums for some customers in sectors, such as the hospitality and manufacturing that were still strained because of the pandemic.

Across our branch networks and offices, we provided sanitation points, temperature checks, enforced mask mandates and physical distancing to ensure safety of all our customers. We believe that, through our deliberate actions, we have mainstreamed SDG 1, 10 and 17, consequently strengthening resilience while at the same time building better from the effects of COVID-19.

Customer First

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

To support our customers to weather the pandemic, while focusing on SDG 1, we

prioritised funding to households and small and medium size enterprises to power their recovery from the disruptions of 2020. We rolled out an MSME campaign dubbed #PartnerKwaGround to provide financing to this key segment of the economy to boost MSMEs' working capital. To implement the campaign, we reviewed the loan appraisal process and enhanced limits to ensure more financing is availed to these customers. We enhanced our MSMEs capacity through training using our Biashara club programme on areas of business recovery and effective financial management. We signed onto a credit guarantee scheme with local and national governments and international development partners to enhance the





AGENTS & POS



Net promoter score up from 51.



KShs. 89 billion Value of loans given to over 47,364 MSMEs.



A KCB Biashara Club member at

their work premises.

Digital Leader and Digital to the Core

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

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

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

Mobile banking led the pack and has continued to open the banking space. Through this channel, we have efficiently served our existing customers and attracted new clients through innovative and affordable products. The public

safety measures introduced at the onset of the pandemic further accelerated the uptake of mobile banking across our market by reducing movement and physical interaction. The number of transactions grew by 53% to a record 400 million, making it the most preferred touch point with over a million transactions conducted daily. During this period, we witnessed a record of four

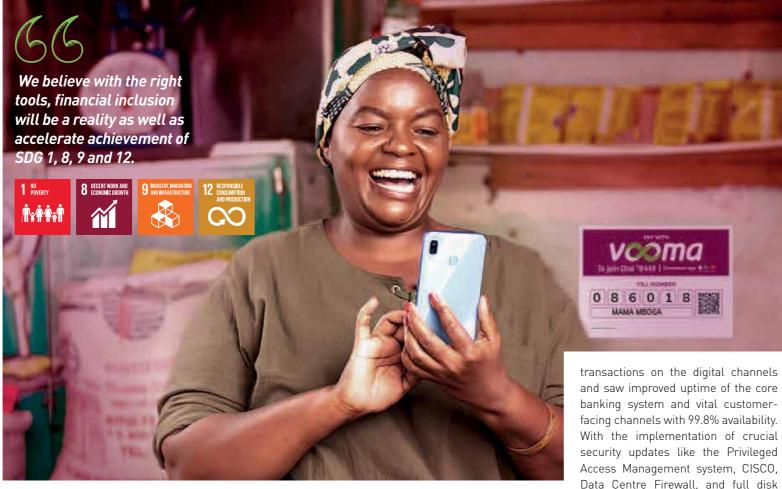
mobile transactions out of every five.

Volumes moved on mobile also recorded

a 39% growth during the year to KShs. 2.1 trillion, crossing the KShs. 2 trillion mark for the first time.

With an increased shift to digital and other online platforms, we know that customers need to be better supported with fast and modern technology. To this end, we undertook a central system and network infrastructure upgrade during the year under review. Compared with previous years, we processed more

280 million 766,000 per day 32,000 per hour 530 per minute



Scaling to Achieve Regional Relevance



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

In 2021, our subsidiaries outside of KCB Bank Kenya collectively contributed 14% to the Group's Profit-Before-Tax (PBT). PBT from these subsidiaries grew by 62%. This gives us the impetus to steer their performance towards the targeted 20% contribution by 2022. We also registered impressive balance sheet growth across all our businesses collectively, leading to a 15% increase in total assets to KShs.1.13 trillion, crossing the trillion shillings mark for the first time in our 125-year history. We believe that, by scaling, we are accelerating financial inclusion of communities, and contributing to the success of the SDG 1, SDG 10 and SDG 16.

Since NBK acquisition in 2019,

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

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

KCB Bank Burundi is marking 10 years since it was established in 2012. The milestone gives the subsidiary an opportunity to look back and build on lessons learnt to increase the Group's play in providing for our customers.











KShs. 2.1 trillion 39% arowth

mobile banking transactions in 2021

400 million transactions 53% year-on-year growth

Deposits collected on mobile loans in 2021

KShs. 740 billion 57% year on year growth 1.6x the value of withdrawals

9 per second



encryption, we improved the Group's

For better customer experience, we

also adopted vital best practises in

service management, including service

monitoring and service improvement

We have achieved significant

milestones by acquiring BPR Bank,

to ensure a seamless transition. This

process continues to be successful

through collaborations between the

stakeholders. Cybersecurity continues

to be a key concern for the bank, and

besides rigorous monitoring, we

are continuously investing in state-

of-the-art technology, adopting and

implementing security capabilities to

stay ahead of any cybercrime attacks.

security and compliance.

initiatives, among others.

PROGRESS IN OUR STRATEGY PILLARS





We are scaling, not only for regional relevance, but also so that our ethos and philosophy show how institutions can be a force for good, consequently making the world a better place by leveraging peace, justice and fairness (SDG 16).

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

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

Step Change in Efficiency and Productivity

The need to keep improving on service delivery by ensuring efficiency in Group services and processes propels KCB towards becoming a reliable sustainable bank in the region. Increased digital migration worldwide and the need to meet customer demands have seen KCB Group leap

towards digital transformation. This is set to strengthen the socio-economic wellbeing of our customers and foster our offerings in the achievement of SDG 9 and 11.

KCB Group's manufactured capital consisting of cutting-edge digital

systems, tools (procedures and rules), and our operational philosophy, all help to speed the flow of knowledge and information within the Group and to external parties, such as suppliers and distribution channels.

These capitals are in the form of leased or totally-owned systems whose value is earned through the delivery of products and services. Our strong distribution network, which includes the region's largest branch network and cutting-edge

digital platforms, is a key source of our competitive edge. KCB Group was able to continue providing services to our clients despite the challenges posed by the COVID-19 pandemic by leveraging on its digital platforms, which include mobile, Internet, agents and merchants.

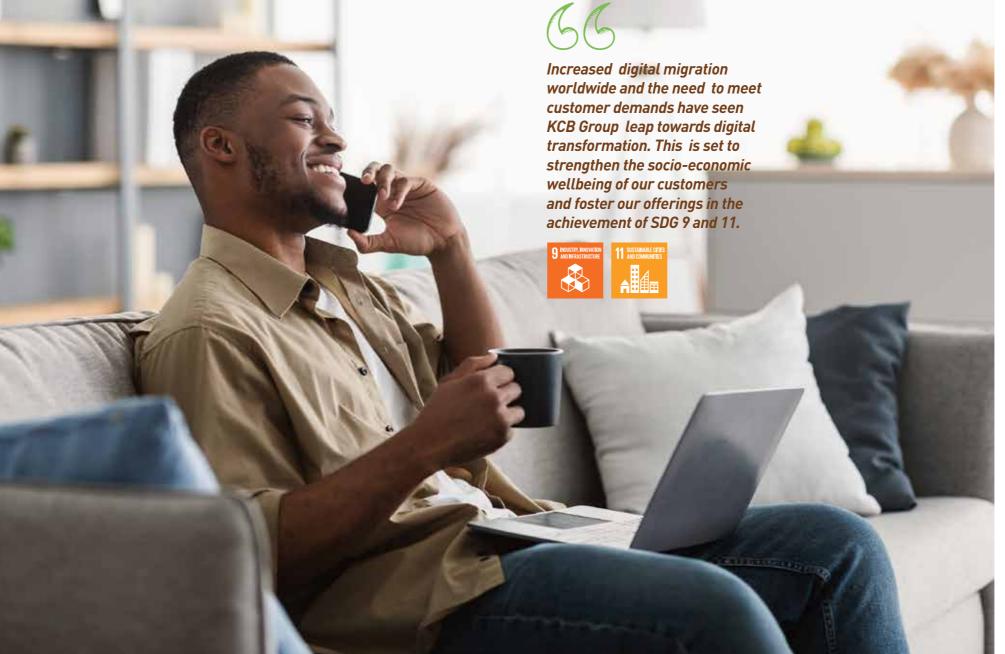
Our clients are aware of and appreciate our organisational efficiency. Hence, efficient operational processes are as important as innovative products and contact channels. We remained a top-tier



As a forward-thinking bank, we place a high value on intellectual capital to gain a competitive advantage. We consciously integrate SDG 19 and 11 into our operations. For the firm to remain adaptable and sustainable, products and services must be reflective of ever-evolving industry practises (technology or otherwise).

financial institution in the area because of our continued investment in the digital space, providing new solutions, improving ease of access to banking services, and ensuring system availability and reliability. To manage results generated by manufactured capitals, we keep optimising our structures, systems, processes, and tools. Every year, the Group's research arm conducts a brand health assessment, identifying top brand drivers and stress spots, and specific remedial steps.

Intellectual capital, on the other hand, is a collection of factors, such as how the brand is regarded, intellectual property, technical know-how, and the ability to be creative and innovative in the delivery of products and technology deployment. As a forward-thinking business, we place a high value on intellectual capital to gain a competitive advantage. We consciously integrate SDG 19 and 11 into our operations. For the firm to remain adaptable and sustainable, products and services must be reflective of everevolving industry practises (technology or otherwise). Furthermore, through rigorous stakeholder engagement, regulatory compliance, and a strategic communications approach, the Group guarantees that its reputational credentials stay strong. In this regard, we continue to outperform the market on key intellectual capital metrics.





STRATEGIC PROGRESS ON OUR PILLARS	CUSTOMER FIRST, WITH LEADING VALUE PROPOSITIONS	STEP CHANGE IN EFFICIENCY AND PRODUCTIVITY	DIGITAL LEADER AND DIGITAL TO THE CORE	SCALE TO ACHIEVE REGIONAL RELEVANCE
KCB Group	Customer migration of self-service systems through mobile phones and internet banking, consistent, and secure Enhancement of green transition by using tools, including E&S tool to reduce negative environmental and social impact	 Enhancing of ESG due diligence through automation of the ESDD platform to increase risk identification and mitigation In the process of advancing the net zero ambitions and SDGs Increasing the proportion of green lending book to 8.4% Develop a climate risk road map that will make climate risk a principle risk 6,633 staff trained on ESGs, green lending, and climate financing Manufactured capital consists of cuttingedge digital systems, tools (procedures and rules), and operational philosophy, to speed up the flow of knowledge and information both within the Group and to external parties, such as suppliers and distribution channels 	 Shifted to digital channels with 98% of our transactions taking place outside our banking halls Automated critical processes that led to a 131% decrease in fraud and increased operation transactions in reconciliation and compliance by 93% Enhancement of internet banking across the regional market 	 In the process of establishing a Brand Strategy Framework, which will better position KCB as a leader in all the markets of operation KCB Group acquired Banque Populaire du Rwanda (BPR) KCB Group is anticipating entry into Democratic Republic of Congo (DRC) Supporting regional growth through funding and capital Support Group wide policies, technology and innovation Develop a shared service centre to drive best in class corporate practises that are effective, efficient, timely and responsive
KCB Bank Kenya	 Rolled out MSME-targeted campaign to provide more financing to boost working capital 'Partner Kwa Ground'. This campaign was formed to support MSMEs and enable them to recover and build back better from the COVID-19 pandemic by providing partial guarantees for security, including enhancing financial literacy and linking them to the economic value chain for sustainability Through the campaign, customised financial products and services were offered to boost customers' businesses Supported learning institutions' transition from the use of wood fuel to clean energy and liquefied petroleum gas (LPG) solutions 	During the year, we continued to integrate some of the bank's back-office services, resulting in improved efficiencies and cost containment. We have also harmonised IT systems to adopt the best software solutions for payroll and loan origination among others	 Bolstered system capacity, reliability and enhanced sensitisation of customers on cybersecurity Rolled out digital lending products: Vooma and I-banking app 	
National Bank of Kenya	 Signed a partnership with AMREF Flying Doctors to provide air evacuation and ground ambulance services for its customers, in case of a medical emergency Entered into partnership with Davis & Shirtliff to offer financing to customers to enhance quality water access dubbed 'Maji Konnect Project' 	 Joined the United Nations Global Compact network, committing to collaborate on projects that advance the broader development goals of the UN Upgraded Credit Quest Integration and Corona Reconciliation System to enhance operational efficiency 	Upgraded business management process system to enhance efficiency and improve turnaround time in the account opening process through the automation of customer screening and data capture	



STRATEGIC PROGRESS ON OUR PILLARS	CUSTOMER FIRST, WITH LEADING VALUE PROPOSITIONS	STEP CHANGE IN EFFICIENCY AND PRODUCTIVITY	DIGITAL LEADER AND DIGITAL TO THE CORE	SCALE TO ACHIEVE REGIONAL RELEVANCE
KCB Bank Tanzania	Enrolled 200 youth at Tanzania Vocational Training Authority (VETA) in the construction fields as part of KCB/GIZ partnership	Rolled out an instant feedback system across all branches to improve customer experience	Upgraded system for TACH payments	
KCB Bank Uganda	KCB Foundation partnered with GIZ Uganda to skill 2,000 Ugandans in the construction sector	 To drive the Bancassurance agenda, the bank went for Insurance Premium Financing To mainstream energy efficiency, the bank installed a hybrid inverter system that uses solar energy and national grid electricity - Inverter capacity 48V/4KW The site has a free power supply from the sugarcane factory who's the landlord, hence consumption wasn't being tracked. However, the branch had a diesel-powered 20KVA backup generator, which has since been decommissioned and an inverter system deployed Installed LED lights in 12 out of 13 branches 	 Partnered with Airtel Money Uganda to provide digital banking products to Airtel Money customers Enhanced bulk payments on internet banking, bill payments on internet banking, Umeme Payments on Point-of-Sale Machines and launched eight ATM recyclers 	
BPR Bank Rwanda	 Partnered with GLOBL East Africa - Providing financial services to coffee value chain actors Partnered with Grace Room ministries to pay community health-based insurance (Mutuelle de santé) to 300 people; paid tuition for nine youths to undergo vocational training for six months; donated food and sanitary items to vulnerable members of community residing in different parts of Kigali 	 Implemented POS converged solution to enhance efficiency by utilising one POS for agency banking and merchant business. Included EUCL Post Paid Payment to scale up payment collection across different sectors Joined the Connect Rwanda challenge in partnership with MTN and the Ministry of ICT and Innovation, and provided 1,000 smartphones to unconnected Rwandans 	Revamped and launched enhanced MBanki account opening solution by extending this service to agent platform	
KCB Bank Burundi	To ensure financial inclusion in retail, they have a cub and students accounts to enable students to save	 To ensure a step change in efficiency and productivity, the bank has focused on employee welfare by providing gym and aerobics twice a week open for all staff in Bujumbura Plans for inclusion of annual medical check-ups to be included in staff insurance are under way 	Continuous assessment of cybersecurity threats to ensure cyber-resilience infrastructure and data for the customer	





COVID-19 Recovery

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

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



113
community
support
programmes

The KCB Foundation revamped its scholarship programme model in 2021 to incorporate university scholarships in its portfolio. This is in addition to the existing high school scholarship programme worth over KShs. 131 million to be spread out over the next 10 years. The best 50 performers from the high school programme will receive a university scholarship that caters for their tuition costs in any public university in Kenya, commencing with

the 2021 high school graduating class. Just like most sectors of the economy. our communities were adversely affected by COVID-19, with many people losing their livelihoods, fuelling a significant rise in unemployment rates and dwindling standards of living. To help secure livelihoods, through our Foundation's 2Jiajiri programme, we trained over 2,500 young people across the country on technical and financial skills, and supported over 275 beneficiaries to establish new enterprises. The support extended to these beneficiaries included provision of 137 toolkits and disbursement of over KShs. 38 million in start-up capital. We also trained over 2,000 young people on business development concepts, leading to the establishment of 485 youth-led MSMEs in agriculture and manufacturing.

Youth Employment

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

Under the programme, the Foundation recruited 1,201 beneficiaries, a further 549 under the creative pillar, and onboarded 2,228 youth into business development services where they will be taught how to set up and run their

9,634

jobs
created

enterprises successfully. The Foundation spent over KShs. 25 million as stipend for the beneficiaries of the 2jiajiri and Youth Africa Works (YAW) programme to enable them to attend the training. The youths skills training and job creation programme enrolled 2,500 youths and trained a total of 5,092 beneficiaries in 2021 compared to 6,370 in 2020. The drop in the number was as a result of the programme review conducted during the year. Over KShs. 56 million was spent to train the youth across the country.



Education

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



320High school scholarship beneficiaries



KCB Foundation introduced an annual apprenticeship programme that will see the top 50 performers from the high school scholarship cohort get a threemonth apprenticeship at their local KCB

Bank branch, enabling them to earn an income and learn the banking system as they wait to join the university.

Young Africa Works (YAW)

The KCB Foundation's strategy for the next decade reflects our optimism for Africa's future. YAW is working with a broad spectrum of players, including youth-led groups and womenled groups. This has enabled the establishment of 485 youth-led MSMEs in the agricultural, manufacturing and creative art spaces.

Within YAW, 2,152 youthful entrepreneurs have been trained on business development concepts and are receiving business incubation support aimed at catalysing the success of their enterprise and building their capacity in managing and running sustainable enterprises.



1,531
jobs in
agriculture
were created
in 2021 with
the YAW

200 young people have accessed financing of a total of KShs. 80 million to start their agribusinesses. The businesses have been given a market for their produce, and are being supported on value-addition along the agriculture value-chain. In 2021, 1,531 jobs were created with the YAW in Agriculture.



Sustainable Agriculture

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

Following engagements with farmers, 31 FPOs were linked to new markets increasing their profitability. The FPOs



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





Mifugo Ni Mali Programme

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

We have supported market access to 10 co-operatives and ranches through linkages to markets, held livestock trade fairs targeting livestock actors in ASAL counties and supported two livestock umbrella organisations to establish



business models that will support efficient service delivery to their members.

During the period, we strengthened productivity, record-keeping and access

to finance by training 412 livestock farmers and setting up two demo farms. We have also fostered partnerships with other KCB departments, two levels of governments, Kenya Veterinary Association (KVA), and other stakeholders by rolling out livestock traceability that will tag 5,000 cattle, participate and support county livestock stakeholders' forums.

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



Partnering for Progress

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

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

The Group harnessed digital platforms to enhance the experience of our customers' transactions by mainstreaming digital transactions from the comfort of their homes and premises during the COVID-19 lockdown. We strengthened the capacity and reliability of our cybersecurity systems to boost our cyber-resilience. Also, within the reporting period, we provided relief through loan moratoriums for some customers in sectors that were still strained because of the pandemic such as the hospitality, education and manufacturing sectors.

In 2021, we continued to support staff working from home, including but not limited to, provision of internet connectivity, and establishing support group systems, and organising town hall sessions to establish virtual social

At KCB Biashara Club, we empower MSMEs to take charge of their lives. communities. For our employees whose roles required them to work from their primary sites, we provided personal protective equipment (PPE) including To support our customers to face masks and hand sanitisers. We also rolled out flexible working policies to facilitate the deployment of teams to work



build back better through the pandemic, we rolled out an MSME campaign and online training programmes to provide them with targeted financial capacity and dedicated technical support to boost their working capital.

in shifts at the head office and across branches. Health talks and trainings were also held to raise awareness and break the stigma surrounding the pandemic.

Through our healthcare partners, we leveraged on advocacy platforms and gained additional access to specialised therapy, ambulance services, and



38% Value of procurement contracts awarded to MSMEs and special interest groups, including youth, womenowned enterprises and people with disabilities.

counsellors to provide psychological support. The Group also footed medical expenses for affected staff. When the region rolled out vaccines in mid-2021,

the Group facilitated the provision of these vaccines to staff and their family members in partnership with health authorities. Through town hall sessions and employee working groups, we sensitised our staff on the benefits of taking the jab and even without a vaccine mandate in place, we achieved a vaccination rate of 98%. This facilitated a full return of all employees to their primary working sites by December 2021.

The Group also supported COVID-19 awareness drives that were anchored on sensitisation campaigns that targeted communities. They raised awareness about preventive measures



KShs.11.2 billion

disbursed to more than half a million beneficiaries of the **Government of Kenya's** Inua Jamii social protection safety net programme.

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

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



STAKEHOLDER ENGAGEMENT MATRIX

Stakeholder	요^^요 I 문화 Why we Communicate 스 설	8 How we Engage	⊕—⊝ ® Outcome ⊝→⊜
Customers	 To nurture open relationships with our customers, to listen, understand them and get feedback To provide information about the available KCB products and services To get feedback to improve on our products and service proposition (via various touchpoints) To facilitate access to available financial facilities To ensure all our business processes are constantly improved to serve the customer better To work with them in ensuring we assist in improvement of sustainable business practices 	 Email In-branch interaction Video conferencing Surveys Feedback platforms Phone calls SMS In-person engagement Surveys Reports 	 Net Promoter Score (NPS) Score 53 Customer Effort Score (CES) 26% Rate My Support (RMS) Improvement 69% Best ESG solution by Middle East & Africa Innovations Awards Most Socially Responsible Bank in Kenya by Finance Derivative Awards Best Bank in Kenya for Customer Experience, Digital and Innovation by Global Brands Magazine Awards
Business partners	 To serve our customers better To collaborate proactively with other financial industry participants to provide shared solutions for the benefits of society at large To participate in dialogue to develop international best practices and implement them in our region of operation To build partnerships and coalitions to improve the effectiveness of the financial sector To identify opportunities to further boost our positive impact To share our business ethos and encourage our partners to integrate sustainability in their own working processes 	 In-person meetings Reports Organised conferences Video conferencing Surveys E-mails 	Memorandum of Understanding (MoU) with Mastercard Foundation Statement of commitment with GFANZ

Stakeholder	ය ිවූ (ලා Why we Communicate ව ියි	B How we Engage	⊕—⊝ ® Outcome ⊝→⊜
Suppliers	 To cascade and communicate on key Group alignment, including Group policies on various issues i.e., sustainability, procurement, ethics etc. To get feedback on the working environment and productive dialogue with suppliers To ensure business processes are constantly improved to ensure the pending bills are paid on time To assist suppliers, incorporate environmental and social governance into operation to ensure our interaction leads to positive impact across the value chain To get feedback on how to better execute our engagement and processes 	 Face-to-face meetings E-mail Organised conferences Surveys Correspondences (invoices, LPOs, Memos), topical forums (e.g. changes in tax) 	 Established and rolled out the Suppliers Code of Conduct Supplier conference held Service level agreements with suppliers
Employees	 To create a conducive working environment, where each employee is valued and can express their full potential To nurture collaboration among our teams To inform employees of career opportunities available To get feedback on the working environment and productive dialogue with employees and their representatives To ensure all Group policies are available to employees for their reference whenever required 	 E-mail Face-to-face interactions Video conferencing Surveys Phone calls Messages Newsletters Internal platforms 	 Understanding of our employees' needs Development of talent management strategy Ethics case reports for investigation Establishment of the Group's learning strategy Establishment of safety workplace environment guidelines Development of a Diversity, Equity and Inclusion Policy Improved performance in the Organisational Health Index to 79%
Investors	 To ensure an open and transparent conversation with our investors To communicate our overall financial and non-financial performance To provide context and insights into our corporate results, business strategies, sustainability initiatives To attract new investors to support and achieve a stable and diversified investor base 	 Newsletters Investor briefings Emails, reports, presentations and letters Conferences Information / notices Senior management meetings and calls Participation in conferences Roadshows 	 Fair market valuation of KCB share at the Nairobi Securities Exchange (NSE) Enhanced liquidity of KCB shares at the NSE Favourable rating from rating agencies Favourable rates from debt investors Enhacned rating scores



Stakeholder	요구요 (로마 Why we Communicate 요구설	B How we Engage	⊕—⊝ ⊗ Outcome ⊝→⊜
General public	 To be transparent and accessible. To ensure compliance with relevant laws and regulations To raise awareness about the contributions made to society by KCB Group as a responsible corporate citizen To share our views, hopes and concerns on the evolution of the financial sector and instill public confidence Ensure all public-related publications are available online for easy access as well as an email for any query that needs to be addressed Utilise various communication channels to share KCB Group's story, its products, and services as part of brand positioning To support the roll out of social projects and disbursement of state aid to beneficiaries 	 Media briefings Information notices Meetings Social media handles Email queries and website enquiries 	 Enhanced brand positioning Good media coverage Improved business goodwill Awards and recognition
Media	 To share our corporate quarterly financial results, business strategies and sustainability progress To promptly answer queries about KCB Group newsworthy information To update the media with KCB Group information that is of relevance to stakeholders Enhance top of mind awareness of the brand Build credibility in our brand and creating wareness about our events Product position of new finaicial products ie Vooma 	 Interviews Media / press briefings KCB Group Financial and Sustainability reports Sponsorships, corporate events and launches Strategic partnerships One on one engagemesiment sessions 	 Improved media ratings Enhanced PRVs Increased media impressions Seamless native advertising Accurate positioning of the KCB story, strategy and performance Objective reporting about our brand Reaching new customers Enhanced competitiveness

Stakeholder	요구요 (문화 Why we Communicate 요구요	A How we Engage	⊕—⊝ ⊗ Outcome ⊕→⊜
Regulators and Authorities	 To ensure compliance with all relevant laws and regulations To ensure KCB expertise and views are integrated in the development and implementation of various relevant regulation and policies To support the development of business policies beneficial to the economy, the society and the environment To foster constructive dialogue around innovation To undertake joint programmes with relevant regulators and authorities To partner with governments to support the economic growth of the region and our countries in a sustainable and ethical manner To undertake joint programmes with county and local governments 	 Correspondences (letters, memos), topical forums (e.g., changes in tax) Reports Face-to-face meetings Phone calls Organised meetings/conferences 	 Alignments with the regulatory landscape Enhanced thought leadership Increased conversation leadership on topical regulatory issues i.e., green finance, climate change etc.
Partners (GFANZ, NZBA, KBA, Mastercard Foundation, GCF)	 To share best practices on banking and credit control, including not listed to green lending and sustainable finance To exchange knowledge on emerging issues on banking and create alignment and coherence on industry matters To develop a common position to tackle key issues affecting the financial sector in the region through developing a common approach and mainstream collective bargaining To foster joint projects that enhance banking initiatives and innovative solutions that can be scaled To align with global commitments that seek to accelerate global ambition and action i.e. climate change, green finance etc. 	 Face-to-face meetings Webinars Organised conferences Quarterly Calls Surveys 	 Enhanced international relationships Increased brand reputation Enhanced knowledge management by leveraging peer-to-peer learning and capacity building opportunities Alignment with international frameworks





Material Topics

CB Group began publishing its sustainability reports in 2013, covering a broad range of issues related to financial, economic, social, and environmental issues. The reports aim to give a holistic analysis of the Group's strategic vision, financial performance, governance and value creation, while enabling an indepth understanding of the financial and nonfinancial key performance indicators that the company uses to manage its business.

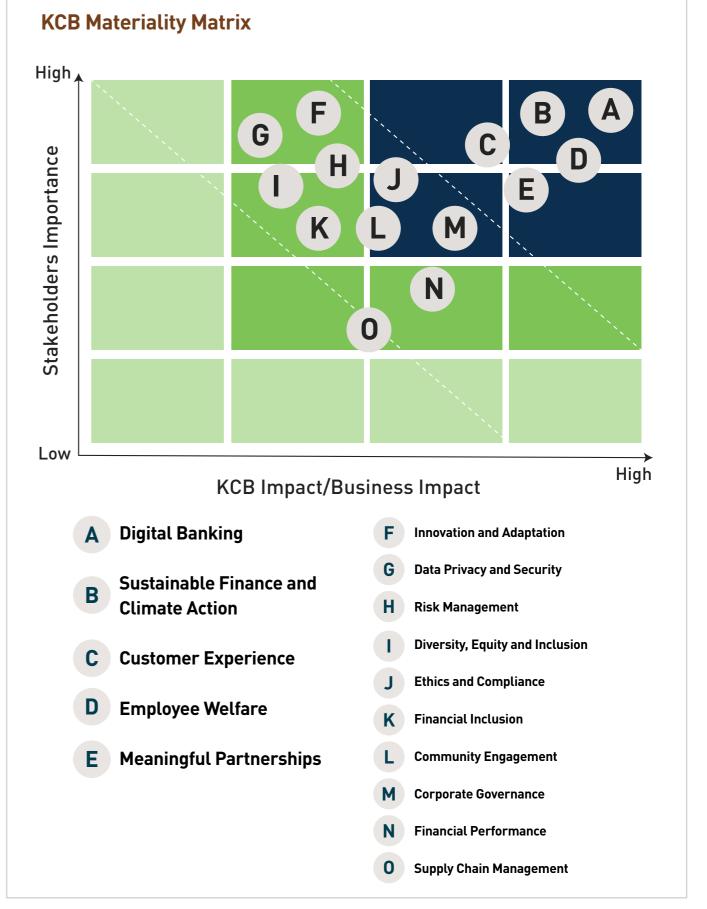
Our sustainability framework outlines ways in which the corporate strategy could help the Group drive revenue, reduce costs and risks, and build on its brand and reputation. The scope of the report

covered KCB Group, including but its subsidiaries from January to December 2021. The report utilised GRI and Principles of Responsible Banking (PRB) for key disclosures and accountability transparency.

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

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

RATIONALE SUSTAINABILITY ROAD MAPPING Materiality analysis is done as a way of prioritising the As part of developing this report, a road map was sustainable issues that are most important to the organisation charted, and prioritised on activities that would make the and its stakeholders. As a Group, we have been conducting the most impact in terms of mitigating business risks and assessment as a best practise and as a way of identifying current maximising opportunities of the Group in line with the and emerging social and environmental risks and opportunities current organisation business strategy. by engaging in a meaningful way with various stakeholders. KCB Group's materiality analysis sets the framework for its sustainability strategy, which is hinged on the nine adopted SDGs. It also helps focus our efforts on substantial ESG topics that affect our current organisational strategy and longevity. STAKEHOLDER ENGAGEMENT **REPUTATION** Using interviews, alignment meetings and other forms of As part of our commitment to sustainability, we have communication, we were able to discern key material issues aligned our initiatives with our mapped corporate risks from all the stakeholders, demonstrating that a proactive that provided an avenue for the Group to improve relations and engage with a broad range of stakeholders such as approach to risk management, climate action, social and investors, customers, suppliers and employees. governance issues, and long-term strategy is vital for growing a reputable banking business.







Digital Banking: Scaling Sustainable Technology



greater transparency financial services and demands around tackling climate change, KCB Group faces growing pressure to prioritise key strategies that embrace digitisation, ranging from optimising internal and external business operations to retaining and growing customers. The outbreak of COVID-19 accelerated the adoption of digital channels as many customers opted to access financial services through their mobile devices.

In a post-COVID-19 world of financial services, sustainable digital banking will continue to attract due attention as it now moves into mainstream banking operations exacerbated by policy, regulation, market forces, and most importantly, consumer demand consequently affirming our deliverables on SDG 9 - industry, innovation, and infrastructure. To foster this, the Group has adopted various initiatives and platforms that drive digital banking and enhance financial inclusivity.

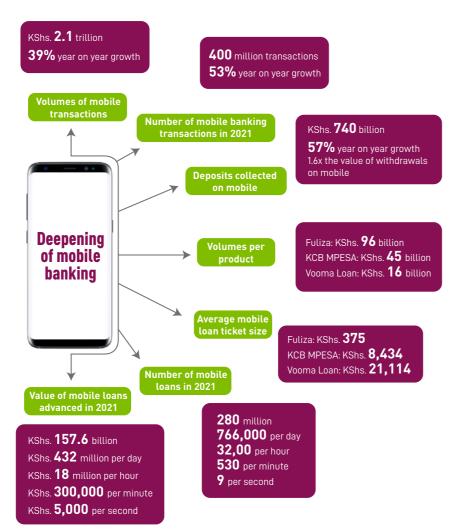
Mobile Banking

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

Our consistent digitisation efforts enabled us to disburse a total of 280 million Mobi loans valued at KShs. 157.6 billion. The number of mobile banking customers increased to 3.2 million as the transactions processed through the

platform hit Kshs. 400 million, helping to process KShs. 96 billion worth of Fuliza loans. On the other hand, the number of KCB M-PESA users, who took loans valued at KShs. 45. billion, reached 18.5 million. All these efforts are a commitment to the fulfilment of SDGs 8 and 10 - decent work and economic growth, and reduced inequalities.

Due to our network uptime security and bandwidth, we have realised growth of our mobile ecosystem resulting in customer value and appreciation. To build on this, we have been modernising our systems by adopting mobile-based platform integrations. This is geared towards reducing the time used in



marketing for partner integrations and having sufficient capacity to handle the growth in customer transactions on digital channels. With a registered mobile users' community of over three million, we are continuously leveraging technology to include the excluded. consequently affirming our call to action on SDG 9.

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

Agency Banking

Since the launch of Vooma in March 2020, we are inching closer to recording a million customers on the platform, with 760,000 mobile wallets having been activated by the end of 2021. Enhancing user experience has seen the platform sign up over 46,000 agents and 393,000 merchants. In 2021, we also doubled our efforts to give our customers pleasant and seamless services by leveraging on key transformative partnerships with telecommunication companies. The reporting period marked a decade of agency banking for KCB. Over the years, we have grown our network to over 16,400 agents across the region bringing banking services closer to the customers' doorstep.

During the year, we made strides in enhancing the offering across this key network. To reduce the need for customers to visit our physical branches, we rolled out International Money Transfer (IMT) services, government statutory payments, and global utility collections to bank agents. This, coupled with continued growth in usage of the services available via the agents, led to a 23% growth in the number of transactions processed in 2021

CASE STUDY

vcoma



VOOMA is an easy-to-use mobile wallet and services, get loans and save service that enables customers to money via their mobile phones on any send money to other VOOMA users, network. The platform has a capacity mobile wallets (M-PESA and T-Kash), of over 2,000 transactions per second bank accounts and access instant and houses all of KCB Bank's mobile loans. Vooma allows customers to lending and payment products.

take out the quickest mobile loans in Kenya and top up funds to complete a purchase or sort out an emergency.

With Vooma Loan, customers can access loan amounts between KShs.1,001 and KShs.300,000 instantly. VOOMA is our robust, exciting, and dynamic mobile wallet that allows customers to pay for goods

Vooma Ecosystem







to 57 million with a value of KShs. 598 billion. During the year, we also witnessed an increase in the number of accounts opened through agencies strategically focused on institutions, disciplined forces. and schools

Internet Banking

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

Throughout the Group, we have been able to synchronise our IT systems to adopt best-in-class software solutions.

Cyber Security

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





Climate Action

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

During the reporting period, the Group further doubled its efforts in being a responsible lender by factoring Environmental and Social (E&S) risk and opportunities in its lending process by assessing KShs. 245 billion worth of facilities from KShs. 91.8 billion in 2020

During the reporting period, the Group further increased its effort in being a responsible lender factoring Environmental and Social (E&S) risk and opportunities in its lending process by assessing KShs. 245 billion worth of facilities from KShs. 91.8 billion in 2020 as part of its Kenyan book.

as part of its Kenyan book. The number of facilities being assessed also increased from 87 in 2020 to 259 in 2021, with all requests above KShs. 50 million being required to go through the assessment prior to funding.

During the reporting period, we also developed an automated SDG tracker that helped us collect progress from the different divisions of the business. Also, internally, we had sustainability champions who acted as ambassadors



carbon footprint reduction in 2021 from 23% in 2020.





resource consumption reduction in 2021 from 18.8% in 2020.

and thought leaders on sustainability matters and driving our sustainability agenda and best practises at the Group level.

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

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

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

Our Commitment



As the global momentum on climate action continues, international commitments demand that private sector business leaders urgently address the threat of climate change and achieve the goals of the Paris Agreement by 2050. The financial sector stands to play an instrumental role in driving that change. A growing community of financial institutions

are beginning to recognise that they need to act and demonstrate leadership on climate action by addressing climate risks, and financing shifts in market demand and supply by directing financial flows towards climate positive projects in developing nations and emerging markets. Impacts and risks generated by climate hazards, exposure and vulnerability are being observed more widely and projected in many ecosystems and human systems worldwide. Measures that reduce emissions must be

implemented if we are to preserve a live-able and sustainable future for all. Given this scope, it is imperative to take urgent action to combat climate change and its impacts. This is the baseline for SDG 13: Climate Action. KCB Group has been contributing to

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

04 😘

02

Adjusting policies and frameworks to

change mitigation

and adaptation

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



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

MATERIAL TOPICS

Resource Consumption

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

Water, Paper, Electricity, Fuel

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

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

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

Resource consumption reduction across power, paper, water, and fuel



Power: Electricity consumption (KWH)
-21.96% -8.78%

2020

-8.78% 2021



Paper (Reams)

-8.62% - 26.04% 1020 2021



Water: Piped+bottled water (litres)

-10.67%

57% -31.76% 2021



Fuel: Genset+mileage and taxis

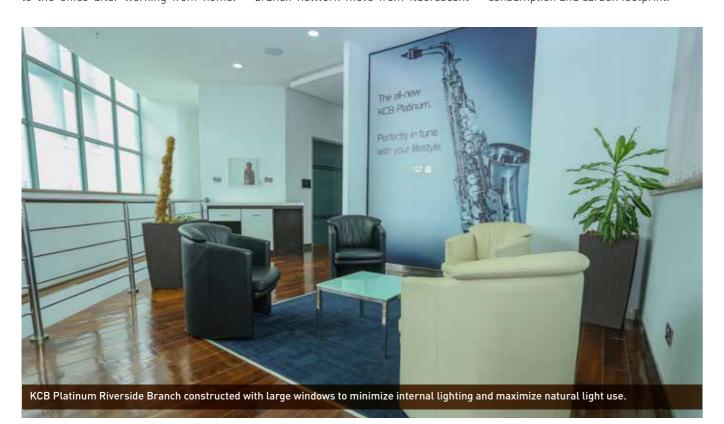
-23.49%

.49% -16.38%

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

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

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



Carbon Footprint Assessment Understanding and prioritising climate impact through the three scopes of emissions jumpstarts our business to climate actions. Below are the various scopes emissions.

- SCOPE 1: Direct emissions from KCB-owned and controlled resources
 They include stationary and mobile combustion (i.e., fuels for back up and transport purposes, cooling activities) -; fugitive emissions leaks from cooling sources (e.g., refrigeration, air conditioning).
- SCOPE 2: Indirect emissions purchased electricity from a utility provider.
- SCOPE 3: Indirect emissions not owned but occur in the KCB's operations value chain including both upstream and downstream emissions especially on the projects financed.

The group's overall carbon footprint reduced by 11.25% against a target of 10% this corresponds to 377,027 KgCO2 equivalent emissions reduced from our internal operations under scope 1&2 emissions.

Managing and Mitigating Emissions

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

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



11.25%

carbon footprint reduction against a target of 10%, this corresponds to 377,027 KgCO2 equivalent emissions reduced.







Sustainable Financing

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



Low Carbon Finance

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

Development of New Sustainability Related Products

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

Low Carbon Emissions Portfolio

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



Climate Adaptation Finance

There is a growing need to support the financing of adaptation initiatives as community resilience to climate change is needed, especially in developing nations where the physical risks are high and the capacity to respond insufficient. The Group is embracing this by considering the opportunities

provided by adaptation especially on the nexus between development aid and adaptation financing such as assessment of community vulnerability to natural disasters, developing tools and products to manage adaptation risks as well as seeking exposure to lending in climatesmart agriculture among other sectors.





Capacity Building and Policy development on Sustainable Finance

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

On policy alignment, we revised our risk appetite to recognise credit risks that may result from our lending as a key area for consideration while making decisions on risk approach. We plan to adjust more policies to further align with our climate action agenda.





CASE STUDY

Highlands Creamers and Foods (HCF) Ltd

KCB has been at the forefront supporting MSMEs' transition to sustainable business practises. The Bank has supported Highlands Creamers and Foods (HCF) Ltd in this transition. Commissioned in July 2017, HCF is a family-owned, but independently run dairy and food processing firm based in Nyansiongo, Nyamira County. "The purpose of the establishment of HCF was to give back to the community by creating employment opportunities in manufacturing. The company has employed a total of 350 people, of which 60% are women," said Zipporah Ondari, HCF Human Resource Officer. Not only has the company created jobs, but also enhanced the infrastructure development through road construction (SDG 9). The road is crucial for the transportation of their milk and used by local farmers to transport their farm produce to the market.

HCF started by processing fresh and fermented milk and has grown to produce ultra-high temperature (UHT) milk by adopting more efficient processing equipment. There are plans to scale up production to make fermented milk and yoghurt, water processing and juice. To enhance

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On waste generated by the factory, the company took it upon themselves to ensure waste is managed correctly through the implementation of the wastewater treatment plant to ensure the environment is conserved, achieving SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action.



production, the company installed advanced equipment: a steriliser processing 13,200 litres per hour, increasing production efficiency by 2.4%, thus helping the company save on costs and maximise profits.

The company took it upon itself to ensure waste is managed correctly through the construction of the wastewater treatment plant to ensure the environment is conserved, achieving SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action. All the wastewater generated is treated and released into their farm, where they have planted eucalyptus trees used for steam generation in their boilers. "We ensure that all the waste





we dispose into our farm is properly treated to meet NEMA requirements," said Thomas Mutuku, who is in charge of maintenance at HCF.

Advanced equipment installed to enhance efficiency in production.

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

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

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

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





CASE STUDY

KCB Supports Korara Highlands Tea Factory's **Green Transition**

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

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

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

For the longest time, tea factories

Due to climate change, which is increasingly becoming a menace, there's been a need to phase out the use of firewood and shift to cleaner and more affordable renewable energy sources.

leaves. Due to climate change, which is increasingly becoming a menace, there's been a need to phase out the

use of firewood and shift to cleaner and more affordable renewable energy sources. The use of renewable and sustainable energy solutions helps bring the cost of production down in many factories. Most factories use 90% thermal heat generated from firewood, while 10% is for the electricity used to light up the factories.

Korara Highlands has been using firewood to cure tea leaves, which has been unsustainable. The factory has had to compensate for the firewood used by donating tree seedlings to the community and participating in tree planting exercises. As a result, the



company has incurred high costs from the use of firewood, which is not cheap, due it's limited access.

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

"Since the solar installation was an additional expense, we found it costly to execute it independently and therefore sought support from KCB Bank Kenya. Through the Bank's finance, we acquired solar panels that helped reduce our electricity consumption by 4% as a result of acquiring a 380kW Solar PV," said the chairman. The factory acquired efficient machines with less heat loss, enabling them to cut costs.

Korara gives back to the community through the Cyrus Foundation, which supports students. The foundation also gives bamboo seedlings to farmers to enhance water catchment initiatives in the community. Apart from this, the change and achieve SDG 13.

factory also came up with an innovative App called PESA Leo, which prevents brokers from exploiting farmers and in turn increase their income, helping facilitate the achievement of SDG 1, SDG 9, and SDG 11 through direct and immediate payments.

The app connects all farmers who supply tea to the factory. Once the factory confirms the receipt of the tea delivered by the farmer, their payments are processed through the PESA Leo app. This has enhanced the resilience of farmers who would otherwise be exploited by brokers who buy their produce for about KShs. 17 and sell to the factory at KShs. 25 per kilogramme.

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

To enhance gender equity and equality (SDG 10) in the manufacturing industry, the factory has hired female truck drivers, plant operators and packers. About 60% of employees working in the field are women, while out of the total factory employees, 40% are women.

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

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

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









Customer Experience

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

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

























By aligning the SDGs with our strategy, we believe

that our products and services will create more

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standards of living.

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

value for our customers and clients by enhancing



Customer Effort Score (CES)

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

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

KCB Group Entity	FY 2020	FY 2021	TARGET 2021	STATUS
KCB Group	23%	25%	20%	
KCB Kenya	20%	31%	20%	
NBK	27%	24%	20%	
Group Regional Businesses	15%	16%	20%	
KCB Burundi	-	23%	20%	
BPR	15%	11%	15%	
KCB South Sudan*	-	-	20%	
KCB Tanzania	24%	28%	20%	
KCB Uganda	27%	22%	20%	
KCB Capital*	-	-	20%	
KCB Bancassurance Agency		15%	15%	

Net Promoter Score (NPS)



In the year under review, the Group achieved a remarkable Net Promoter Score (NPS), of 53 from 51 achieved the previous year, which simplified the customer journey by improving branch service and reliability of the alternative make it easier for them to bank and do

channels. KCB Group prides itself in being there for its customers even in the toughest times and by listening to them, earning their trust, and exceeding their expectations. We believe that we

business with us. The drivers that fueled the jump in our NPS score were as a result of strong and consistent customer loyalty via the mobile (57) and branch (55) channels attributed to supportive, proactive, and friendly staff.

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







Inclusivity

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

People with Disability

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

Specifically, the Scholars programme where 40 of the 240 annual beneficiaries are persons with a disability and the best two of them receive a comprehensive University scholarship. In total, 49 University Scholarships were provided in 2021. Under 2jiajiri, 10% of the 10,000 annual target in enterprise development is reserved for persons with a disability. Through 2jiajiri, the focus is on imparting the youth with the know-how to access, participate in and grow their



KShs. 44.9 billion worth of loans disbursed in the year 2021, a huge jump from KShs.24.3 billion in 2020.

enterprises through public procurement opportunities as well as providing the with capital.

Women Proposition

Women entrepreneurs running MSMEs and MSMEs play a meaningful and significant role in contributing to economic development by creating jobs, promoting greater economic growth, and harnessing the productive capacity of women. Kenya's MSMEs contribute approximately 40% of the GDP with the majority falling in the informal sector. While there are about 7.41 million MSMEs in Kenya, only 1.56 million are licensed with 5.85 million being unlicensed.

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



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

establishing a support system for women who aspire to start businesses as well as for those who are currently running

their businesses. It is in this regard that the Bank launched an agenda for women dubbed Women Proposition a credit-lending facility that targets women-led and women-owned businesses.

This proposition is in line with the Group's agenda of being a #PartnerKwaGround to support entrepreneurship and job creation, and strengthen our outreach towards unique market segments like businesses owned or run by women. This initiative not only improves financial literacy among women, but also makes financial services more accessible to them and helps in their economic advancement and works to improve gender diversity. The programme saw the Group disburse loans worth KShs. 44.9 billion in the year 2021, a huge jump from KShs. 24.3 billion in 2020 affirming our commitment to SDG 8, 10 and 16.

CASE STUDY

Sustained Growth for Metal Fabricator

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

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

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

The contribution of Eunice's business to the community and the economy was

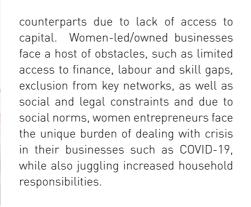
to the tune of KShs. 575,000 for business growth and expansion. The loan fueled her capacity to access the raw materials she needed to make her business a

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

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

As a single mother, the business has enabled Eunice to provide for her two sons and daughter. Additionally, she has expansion plans that include buying a made possible by KCB after financing her lorry that can transport her products.





We realised the importance of









CASE STUDY

Cheptarit Star Women Group



to empower women to take a leading role in the community, by enabling them to earn an income and be able to contribute to their household income.

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

They aggregated and in 2015, they supplied cereals to 5 schools in the

county. They also went out to look for tenders in other institutions. As the tenders increased, there was a need for rapid expansion, an increase in the number of stores, and transportation costs, which required huge financial requirements that constrained them.

They had limited access to credit as most



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



One of the Cheptarit Star Women Group members.

This is a group of 20 women located in Mosoriot Town, one of the fastest growing towns in Nandi County. Formed in 2009, the group started as a self-help group, with each member contributing KShs. 2,000. This amount was aggregated, and members were able to acquire loans at an affordable rate to buy cereals (maize and beans) from farmers at farm gate prices and sell at retail price to make a profit. The main aim of forming this group was



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



financial institutions demanded that they provide security as a requirement for loan applications and in most cases, they had to rely on shylocks who frustrated them.

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

In 2019, KCB Bank fronted them a loan, which enabled them to set up more stores, buy more cereals and acquire transportation means. The business has grown to supply over 400 schools within and outside the county (SDG 8). Their buying capacity also grew to the extent where they were now able to

source beans from Uganda.

The group is currently servicing an overdraft facility that the Bank gave them in 2021. The payment terms are flexible, which has enabled the group to keep growing to a point of buying a lorry and leasing more for transport. They are also giving high school scholarships to needy students. They have more than five stores for their cereals, and they are in the process of acquiring additional land for expansion.

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





Customer Security

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

At the same time, about 8,025 employees took up an anti-money laundering course in line with the Group's strategy of enhancing our governance pillar. The course has achieved 100% mark over the reporting period, and also seen the deployment of other e-courses to the

staff. As a result of the courses, the Group has been able to abate over 474 fraud incidents, as compared with 2020 where they were 663 cases. To help our



At the same time, about 8,025 employees took up an antimoney laundering course in line with the Group's strategy of enhancing our governance pillar. The course has achieved 100% mark over the reporting period, and also seen the deployment of other e-courses to the staff.

customers stop being victims of fraud, we concurrently ran the "PIN yako siri yako" campaign (Your PIN is your secret) to ensure that they do not share their account information with third parties.

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



Micro Small and Medium Enterprises (MSMEs)

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

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

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



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

from the previous year's record.

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

There was also an increase in branch manager limits on loans approval to improve turnaround times on loans and ultimately improve customer experience. We are clear in our goal of supporting MSMEs to fuel the economic engines of East Africa, consequently contributing to economic development, including contributing to the success of SDGs 1, 9 and 10. Going forward, we are accelerating this campaign by joining hands with key industry players in supporting MSMEs.

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



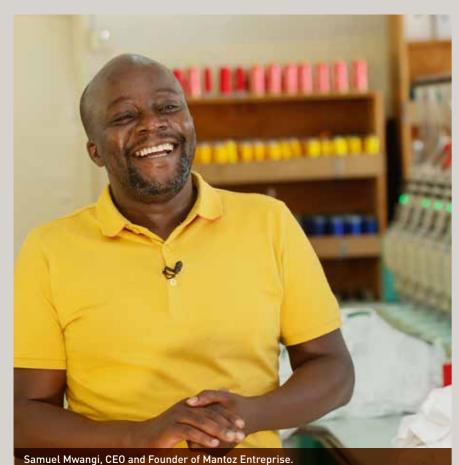






CASE STUDY

Creating Value for Mantoz Enterprise



realised that the fabric industry was manufacturing sector and supports the ripe with opportunities, he immediately swung into action and established farmers by providing a market for cotton. Mantoz Enterprises. Mantoz is a topnotch branding company that was support industries through financing formed in 2004 and mainly focuses to help accelerate growth, create more on corporate clients and offers a one- job opportunities, and contribute to stop-shop for branding solutions. The economic growth (SDG 8). company started small in his house with one employee and each year it has Along the growth journey, Mantoz grown.

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

When Samuel Mwangi, an accountant, of the labour force in the national livelihoods of over 200,000 small-scale In line with SDG 9, our mandate is to

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

The KCB Biashara Club members received financial support, literacy The fabric industry employs 30% training and business growth



In a day, we can print about 5,000 t-shirts and with the embroidery machine, we can produce about 2,000 - 3,000 pieces a day and our employee number has grown to 200.

opportunities. With our agenda being customer first, we offered financial training to Samuel to help him effectively calculate budgets and reduce expenses to enable him to run a profitable business.

By banking with KCB and being a member of the KCB Biashara Club, Mantoz has grown and acquired 10 embroidery machines, 120 stitching machines, 40 embroidery heads, and

branding equipment, such as the screenprinting machine, which has enabled the business to improve on branding and delivery timelines.

"In a day, we can print about 5,000 t-shirts Online banking by KCB has been and with the embroidery machine, we can produce about 2,000 - 3,000 pieces a day," he says. The business has created helped improve the living standards of the people hence reducing poverty (SDG

1), through generation of income because of employment (SDG 8) and sustainable communities due to the ability to provide for their families (SDG 11.)

instrumental to the enterprise, especially at the height of the COVID-19 pandemic, as it has enabled the jobs by employing 200 people. This has business to easily access cash and transact effectively.





Employee Welfare



taff are our single most important resource, and at KCB Group, we are passionate about their holistic wellbeing. Provision of a good working environment and making available the tools necessary for the best possible performance is imperative to delivering on our mandate. KCB Group has a team of 8,538 employees serving over 28 million customers across the business, drawn from diverse backgrounds and nationalities. We continually invest in human resource development focusing on but not limited to training, staff



We continually invest in human resource development focusing on but not limited to training, staff wellness, staff recognition, competitive remuneration, and career growth.

wellness, staff recognition, competitive remuneration, and career growth. Talent attraction, retention, motivation, and development continue to drive our transformative agenda to achieve SDG 8 on creating decent work.

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

Talent Development

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

As of December 2021, the total number of staff who had undergone ethics, antimoney laundering, and sustainable finance e-learning realized a jump of 14%, 17% and 1% respectively from the previous year. The Group also invests

in training of the leadership across the region to ensure they are well equipped with skills both soft and technical to enable them carry out their duties as expected. We have implemented robust talent management programs dubbed "Power Her" and "Aspire" which allows for the identification of specific individual development interventions to accelerate readiness of leaders across various levels. This resulted in improved performance that saw an increase in the number of people being promoted to 399 from 164 within the same period in 2020

Inclusive leadership

Course	Staff Enrolled
KCB Cyber-Security-Awareness-Course 2021	6,821
KCB Anti Money Laundering Course 2021	6,819
KCB Ethics Compliance and Awareness 2021	6,819
KCB Communications and Social Media Policy Course 2021	6,799
KCB Sustainability Awareness Course 2021	5,929
KCB Group HR Policies 2021	5,919
KCB General Insurance Course 2021	5,919
Safety Short: Coronaviruses and COVID-19	5,885
KCB Business Continuity Management 2021	5,884
Polishing Your Skills for Excellent Customer Service	3,255
Simba Points Loyalty Programme	2,598
Navigating Cybersecurity Through a Pandemic	1,698

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

As a Group we believe that the female quotient is critical to the achievement of the objectives across the business. In line with scaling the Women Proposition agenda within the group leadership structure, we launched various leadership programmes including Aspire and Women in Leadership Network to facilitate female growth to leadership positions. We have a total of 250 beneficiaries under the Women in Leadership forum. Also, as part of augmenting the female quotient, during the year, female employees accounted for 25% of senior roles. The Group is making

substantial gains towards boosting social protection in retirement by increasing the number of female employees who are permanently employed and pensionable, realising a growth of 3,495 in 2021 from 2,166 in 2020.

Steady progress is being made on the road towards gender balance to empower female employees in the workplace; the percentage of women on the KCB Grouo Board was up to 27% in 2021 from 18% in 2020.

At the Group level, we also work to ensure that we advance opportunities for employees with disabilities and show their amazing potential. In this regard, the number of employees with disability has risen from 0.37% in 2020 to 0.57% in 2021. We are constantly making accommodations for them to bolster their independence through our recruitment strategy, KCB Group is focusing on availing opportunities to marginalised groups such as People With Disabilities (PWDs) and youth.

Staff Engagement

We believe that key tenets of building a healthier organisation is to actively cultivate a culture of continuous staff engagement that is anchored on transparency, accountability, and inclusivity. During the reporting period, the Group conducted rigorous performance management; Organisational Health Index (OHI) and mainstreamed a responsive vertical and horizontal organisational structure.

From the OHI taken in July 2021, which received a response of 84%, three critical areas of focus were identified: Leadership, work environment and motivation. Through these focal areas, we have been able to drive, measure and track these key organisation buckets and drive performance. Holistic employee development is one key component of organisational health and is closely related to both professional and personal wellbeing that will be scaling to ensure that our staff are not only performing, but also enjoying the work they do. As part of augmenting a cohesive culture that meaningfully engages employee, town halls and fora were held, leading to a streamlined fedback system, resulting to a jump of OHI from 154 in 2020 to 177 in 2021.

During the reporting period, we have seen an increase in employee turnover from 4% in 2020 to 6% in 2021.

Going forward, we will religiously be holding quarterly forums to ensure our staff are meaningfully engaged with the management as well as enhance our internal engagement mechanisms to be fit for purpose. We believe engaged employees are productive hence creating an inclusive work culture, consequently reducing staff turnover, building better work and customer relationships, and positively impacting company triple bottom-line.



COVID-19 Initiatives

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

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

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



CASE STUDY

Implementation of Employee Development Initiatives

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

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

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

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

"The programmes have granted me a window to learn, build the abilities within me and become a more impactful leader as well as impact colleagues through mentorship and sharing my experience. Additionally, I have





Through this programme the Bank has been able to give both genders an opportunity to scale their careers and achieve the adopted SDG 10 - Reduced Inequality.

enjoyed the satisfaction that comes with seeing my fellow colleagues who have gone through the programme get a promotion with higher levels of responsibility," adds Mr. Sam Ayiro, Head of HR Learning Development and Talent

Through this programme, the Bank has been able to give employees an opportunity to scale their careers and achieve the adopted SDG 10 - Reduced Inequality.

During the pandemic, the Bank implemented several initiatives to support staff. They included being given allowance to work from home, access to webinars on mental health, relationships, and financial management. Additionally, through the Human Resources Department, staff and their families were able to access swift medical providers during the pandemic, which helped in creating peace of mind for better performance.

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

Succession Planning



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

We have a talent pool which is a microcosm of the leadership cadre of the Group, that provides insights on developmental interventions that need to be addressed at all leadership levels. Through the talent pool 454 staff were promoted internally, out of this 41% were female. In addition over 40 senior managers volunteered and were trained as coaches to coach colleagues.

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

The Group regularly commissions

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

The aim is to ensure that the changing expectations of employees are matched bywell-regulated and updated employee life cycle management processes i.e., performance management, talent development employee relations, and the Employee Benefits Scheme (EBS). The OHI Pulse done in July 2021 had an impressive response rate of 84% and Organisational Health Index of 79%. Key areas of focus identified from the results are on leadership, work environment and motivation.

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

Employee Efficiency and Productivity

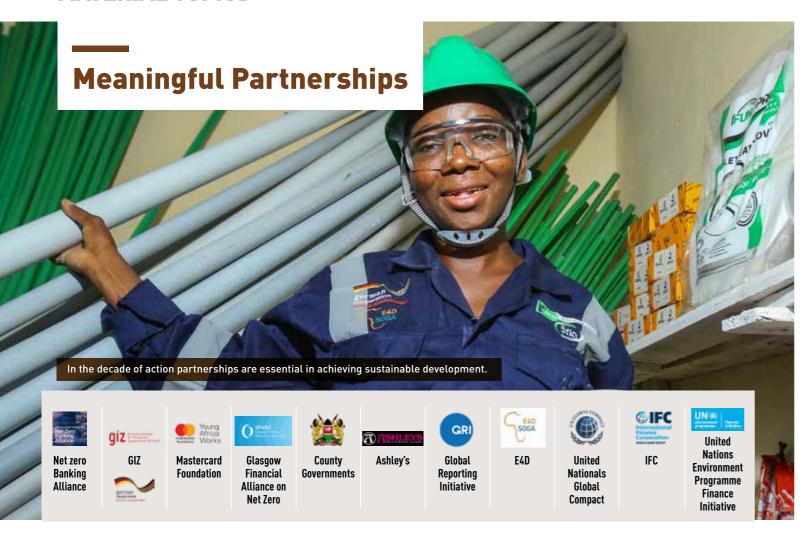
Efficiency and productivity of the employee is a key tenet in the Beyond Banking strategy and in 2021, the Bank ensured optimal efficiency and productivity from the workforce through the following measures:

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









Job Creation under the Citizenship Pillar through Partnerships

In 2021, KCB Foundation and the German Development Co-operation (GIZ) joined forces to increase the employability and income generation for 3,500 Kenyan youth in the construction sector, consequently strengthening our input to the SDG 1, 8 and 10. The partnership created a KShs. 300 million fund to provide technical and vocational skills for the next three years. The funds will go towards supporting the provision of construction toolkits to 700 youth every financial year, to enable them to establish their enterprises in the construction sector.

The above partnership has also been extended under the Employment and Skills for Development in Africa (E4D) programme, commissioned by the German Federal Ministry for Economic Co-operation and Development (BMZ), and implemented by GIZ and KCB Foundation's 2Jiajiri Programme. The programme seeks to create selfemployment and establish enterprises

among unskilled and semi-skilled vouth in Kenya. In a bid to nurture young entrepreneurs, KCB Foundation through 2 Jiajiri, seeks to provide financial support to pilot and scale business models that allow beneficiaries to have a stake in the ownership of the established businesses, in conjunction with industry leaders. This is achieved through joint-ventures or franchise agreements with some of the largest and well-established brands in the region.

number of Kenyan youth with increased employability and income generation in the construction sector.

To this end, KCB Foundation has signed MoUs with BIK Investors Limited to operate three carwash outlets within Nairobi County trading as BIK's extreme clean and a similar MoU with Ashley's Limited to pilot a franchise business model dubbed 'Ashley's Mtaani'. In this model, Ashley's Kenya Limited shall roll out three pilot franchise models and train a total of 500 beneficiaries in Hair Beauty and Personal Care for a period of five years.

KCB Foundation further signed a partnership with the Meru County Government that will enable 400 young people to get trained under the GIZ E4D programme over a period of 24 months. Under this agreement, for every youth the Foundation sponsors for technical training, the County Government of Meru will match and sponsor another youth.

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

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

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



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



society. We believe that the realisation of one goal, consequently results in the achievement of two or more goals that are interlinked. Through establishment of meaningful partnerships, we will be

accelerating the achievement of our 9 SDGs.

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

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

Partnerships to Support Scholars Programme



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

At KCB, we believe that achieving sustainable development, is not a one-man job. We have therefore, scholarship programme provides adopted this strategic goal to provide quality education for learners because we are certain that quality education is the key to achieving the global goals set. This employability and hence achieve

Partnerships are key strategic way, we will empower individuals and societies with the capacity to take charge of their lives and together work towards realizing a future that leaves no one behind.

> has realised through the KCB Foundation Scholars programme, which was launched in 2007 with a pilot class of 50 beneficiaries. The an opportunity for scholars from needy backgrounds to access quality education, sharpen their skills and improve their



SDG 1, 8 and 11. A study undertaken by Women Enterprise Researchers Kenya Limited (WERK) showed that this is the only programme whose recruitment process ensures that only the needy beneficiaries get enrolled.

Through the scholarship programme, KShs.120 million was committed over the next ten years at KShs.60,000 per student per year, with each beneficiary getting access to a laptop after the first year in campus. Owing to the fact that this agenda would only be implemented to the fullest through partnerships, KCB Foundation partnered with Iseme



million committed to the programme over the next 10 years at KShs.60,000 per student per year.

Kamau and Maema Advocates (IKM) Foundation to sponsor 20 students for the high school scholarship programme.

Through strategic partnerships for quality education, we will contribute to the development of human capital in science and technology and address the unsustainable marketplace. Also, we will be able to promote the development of knowledge, skills, understanding, values, and actions necessary to build a sustainable world that ensures environmental protection conservation, promotes social equity, and encourages economic sustainability. The scholar's programme has strengthened our strategic growth to advance SDG 1 and 10 to ensure we promote equality by leaving no one behind.

Partnering with Suppliers

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

The supply chain has become increasingly integral to how we view corporate responsibility and sustainability practises of an organisation. By sourcing from sustainable suppliers, KCB Group has not only protected the long- term viability of its business and secured a social licence to operate, but also assisted suppliers to accrue the benefits associated with sustainability. Similarly, the role of procurement as a key enabler for sustainable supply chain management, engagement and transformation is growing. KCB Group recognises the urgent need to champion sustainability in businesses and their respective supply chain by adopting sustainable practises and policies in business operations.

As part of our support to accelerate economic recovery we also enhanced our procurement to ensure special interest groups account for 3.8% of our total procurement spend during the reporting period. We also increased our local and

international spend to ensure that our suppliers are part and parcel of the KCB Group story, now more than ever.

Through this meaningful partnership, we have strengthened our commitment to achieving SDG 13, 16, and 17. We have realised tangible results, with our spend on local suppliers, special interest groups and People with Disabilities (PWDs) suppliers where we have spent a total of over KShs. 6.3 billion.

KCB Group seeks to actively manage and minimise the negative economic, social,

or environmental impacts associated with the sourcing of goods and services, while maximising the positive impacts where feasible. This is because supply chains are becoming increasingly complicated, global, and interconnected and one cannot approach supply as a separate business operation.

Suppliers Conference

The Group continues to mainstream sustainability among its suppliers to conduct business in an ethical manner by organizing suppliers conference to serve as a platfrom for capacity





Through meaningful partnerships we have strengthened our commitment to achieving SDG 13, 16, and 17. Through our strategic meaningful partnerships we have been able to realise tangible visible results with an increment of local suppliers at over KShs. 6.3 billion, as well as an increase in special interest groups, People with Disabilities (PWDs) suppliers.







building. This included enhancing their capacities to mainstream sustainable practises within their operations and most importantly, onboarding them to the online procurement system. The new procurement platform guarantees equal opportunities for all suppliers, prioritises suppliers categorised as special interest groups and provides transparency in the procurement process.

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

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





As a leader in scaling sustainability, during the year, we focused on sustainable partnerships. IFC, a member of the World Bank Group, in partnership with other syndicated lenders advanced a loan of \$150 million to KCB Bank Kenya Ltd to help the lender increase credit to climate-friendly projects and MSMEs. During the reporting period we advanced green loans worth KShs. 57 billion.

Additionally, we accelerated our ambition to action by joining the NZBA, part of GFANZ, established during the CoP26 in Glasgow, which is an alliance of over 450 firms spread across 45 countries and with over \$130 trillion of private capital committed to transforming the global economy towards net zero.

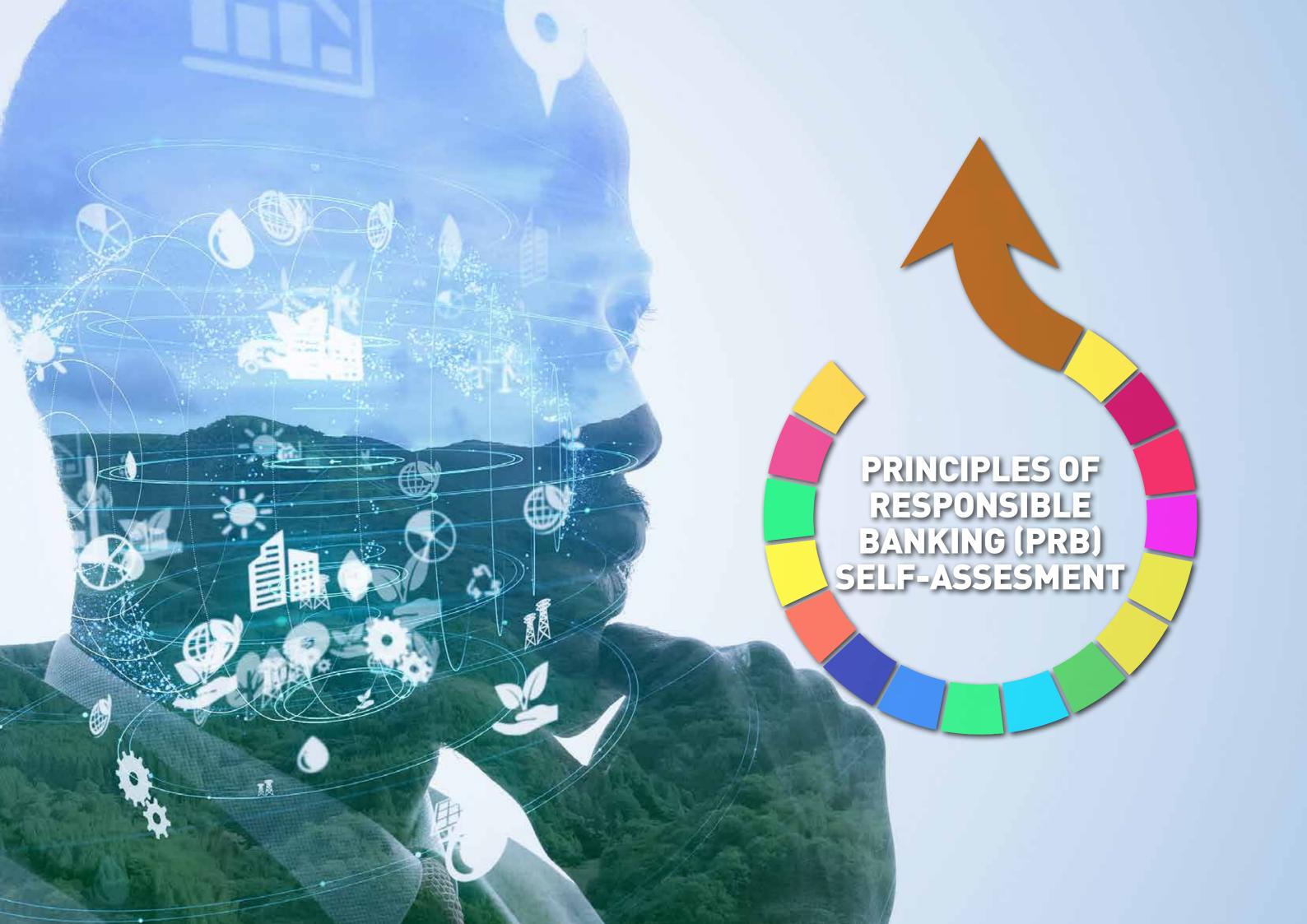
Through GCF accreditation, that was obtained in 2020, KCB Bank Kenya can front projects between \$50 million and \$250 million. During the



Through the accreditation, we can front projects of between \$50 million and \$250 million. We have been assessing the impact of resilient infrastructure as well as aligning with the mandate of the fund.

period, the Bank has been assessing the impact of resilient infrastructure as well as aligning with the mandate of the fund. In line with the developed tools (ESDD and EMS), the Bank can assess and appraise green projects that would be used to strenghten climate adaptation and mitigation among businesses in Kenya, consequently accelerating climate action under SDG 13.







Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
	y to be consistent with and contribute to individuals' needs and society's goals, as he Paris Climate Agreement, and relevant national and regional frameworks.	expressed in the
1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	KCB Bank's main customer segments are Corporate, MSMEs and personal consumers. We support customers across key sectors in Transport & Communication, Trade, Agriculture, Building & Construction, Real Estate, Manufacturing, Energy & Water, Financial Services, and hospitality. Our main services entail financial services in the form of personal and corporate loans. The four strategic pillars of Beyond Banking Strategy include putting the customer first, driving a change in efficiency and productivity, being a digital leader, and building scale to achieve regional relevance. KCB Group operates in seven geographies: Kenya, Tanzania, South Sudan, Uganda, Rwanda, Burundi, and Ethiopia (representative office). In 2021, the Bank served 28.4 million customers through the largest branch network in the region.	2021 Integrated Annual Report, pages 6, 7, 8, and 9 Sustainability Report page 2, 3, 4, 5, 15 and 23
1.1 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	Our Sustainability Framework is under four key pillars—Financial, Economic, Social, and Environmental sustainability. The Group went through a rigorous consultation and assessment exercise. It adopted nine of the 17 SDGs – growth, SDG 9 Industry Innovation, and Infrastructure, SDG10 Reduced Inequalities, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production, SDG 16 Peace, Justice, and Strong Institutions and SDG 17 Partnerships for the Goals, and SDG 13 Climate Action. The Bank has set KPIs under each adopted SDG, which are reported annually. SDG 1 (no poverty) – Loans to MSMEs. Inua Jamii cash transfer program to protect vulnerable children, older persons, and persons with severe disabilities. SDG 8 (decent work and economic growth) – 2Jiajiri program that supports youth entrepreneurship. SDG 9 (industry, innovation and infrastructure) – Digital products that deepen financial inclusion ice Vooma, mobile banking, KCB M-PESA and internet banking. SDG 10 (Reduced inequalities) – Loans to women under Women Value Proposition. Tracking of gender balance in KCB workplace. SDG 11 (sustainable Cities and communities) – Mortgages are provided for the Housing program. SDG 12 (responsible consumption & production) – We monitor our resource consumption by tracking key resources, fuel, water, electricity, and paper annually to reduce use. We set an annual target towards which we operate. SDG 13 (climate action) – We are conducting a portfolio analysis to gauge our emissions profile while setting decarbonisation targets. SDG 16 (peace, justice & strong institutions) – Policy, Governance and integrity. SDG 17 (partnerships for the goals) – Engage in strategic partnerships to improve our SDGs implementation, e.g., GCF, IFC, NZBA, GFANZ, among other	2021 Integrated Annual Report, pages 12, 13, 14, 15, 20 and 21, 77 Sustainability Report pages 2, 10, 11, 15, 22, 32, 33, 46, 47, 50, 51, 52, 53, 54, 55, 56 and 57

partnerships.



Reporting and Self-Assessment ${f High-level}$ summary of bank's response (limited assurance required for

Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

- 2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:
 - a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
 - b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/ its major activities lie in terms of industries, technologies, and geographies.
 - c) <u>Context & Relevance:</u> Your bank has considered the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
 - Scale and intensity/ salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social economic and environmental impacts resulting from the bank's activities and provision of products and services.

(Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative
- Identified strategic business opportunities in relation to the increase of positive impacts /

Scope:

KCB Bank has been reporting annually on its sustainability progress since 2008. The Sustainability reports are prepared following the Global Reporting Initiative (GRI) standards: Core Option. The GRI standards require all reporting entities to conduct a comprehensive materiality assessment. So does the Integrated Reporting framework, which KCB Bank also adheres to, including other international ESG frameworks such as IFC's Environmental and Social Performance Standards and Equator Principles.

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

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

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

All the material issues affect our major customer segments comprising Corporate, MSMEs and personal consumers.

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

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

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

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

Scale and intensity/salience of impact

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

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

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

2021 Integrated Annual Report, pages 13, 14, 15, 18, 19, 20, 21, 36, 76, and 77

Sustainability Report pages 52, 53, 54, 55. 56, 57, 60, 61, 62, 63, 64, 65, 65, 66, 67, 68, 69, 90, 91, 94, 95, 96, 97, 98, 99,100, 107, 108, 109, 112, 113, 118, 119, 120, 121, 124, 125, 126 and 127

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

In 2019 the Bank adopted the PRBs, since then the Bank has been realigning itself with best global practices to ensure it is able to meet its SDG targets by 2030. The introduction of the SDG Tracker as a self- assessment tool is an excellent mechanism which will help the Bank to actualize its ambitions







Reference(s)/ Link(s) to bank's full Reporting and Self-Assessment High-level summary of bank's response (limited assurance required for response/ relevant information The Bank has set and reported on many KPIs in a SMART manner Target Setting 2021 Integrated Adopted a net zero carbon emission target by 2050 Annual Report, pages Show that the bank has set Increasing the proportion of green lending book to 25% by 2025 8, 9, 13, 20, 21, 52, Reduce our resource consumption by 10% annually 53, 54, and 55, 76 77 and published a minimum of two **S**pecific, **M**easurable Ensure we screened facilities worth KShs. 100 billion annually (can be qualitative or Sustainability Report pages 94, 95, 96, 97, 98 and 99 quantitative), Achievable, These initiatives are linked to the Bank's adopted SDG 13 Climate Action. Relevant and Time-hound (SMART) targets, which The Bank identified 2020 as the baseline year for collecting and reporting SDG address at least two of the data, and all targets will be reported against this baseline. identified "areas of most significant impact," resulting Since 2017, the Bank has engaged in portfolio reimagining to assess the negative impact of its lending portfolio. This has created a focus on environmental and from the bank's activities and provision of products social impact to maximise positive impact. and services. Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable
Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible

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

The Bank has fulfilled the requirements regarding Target Setting. It has adopted nine of the 17 SDGs and reports annually according to the GRI standards. It is working to improve internal processes and align with international standards including being part of accountability mechanisms such as NZBA to achieve the Net zero target

3.1 Plans for Target Implementation and Monitoring

> Show that your bank has defined actions and milestones to meet the set targets.

to maximize the net positive impact of the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

KCB Group has defined targets and almost 70 indicators aligned with the SDGs, and work will improve linkage with global targets and indicators.

The Bank piloted an internal data collection tool for progress on indicators for its nine adopted SDGs. The tool is currently being improved to embed a multifactor authentication and enhance user experience, including expanding utility to more than three users. We are also leveraging other devices to track the progress of the above targets, as highlighted below

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

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

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



eporting and Self-Assessment	High-level summary of bank's response (limited assurance required
equirements	responses to highlighted items)

3.2 Progress on Implementing

For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures

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

platform accessible by KCB staff in different divisions. It collects the data and

visually represents the achievements and progress under each SDG.

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

Reference(s)/ Link(s) to bank's full response/ relevant information

2021 Integrated Annual Report, pages 76, 77, 78, 79

Sustainability Report pages 52, 53, 54, 55, 56 and 57

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

The Bank has fulfilled the requirements of Progress on Implementing Targets. It is working to align its processes with the Net Zero target and continuously report on the progress going forward.



2021 Integrated

98 and 99

Annual Report, pages 76, 77, 78, 79

Sustainability Report pages 52,53, 54, 55, 56, 57, 94, 95, 96, 97,

Principle 3: Clients and Customers create shared prosperity for current and future generations. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

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

Reporting and Self-Assessment High-level summary of bank's response (limited assurance required for responses to highlighted items)

We believe that information transparency in our products and services is key

to empowering consumers to make sound financial decisions. Our aim at KCB

those who may typically face barriers to accessing banking services, such as customers with disabilities, complex needs or experiencing difficult life events.

We have made significant strides, but there is more to do. The Sustainability

Policy provides a strong foundation for the Bank's sustainability promise, including initiatives and impact. Mainstreaming sustainability on significant key

Group is to offer an accessible and inclusive service for our customers, including

policies has underpinned our efforts to promote responsible banking, accelerate

sustainable finance, and augment our customer relationships. Our revised credit

policy has extended guarantee schemes to MSMEs to enable them to recover

from the COVID-19 pandemic, including enhancing our social protection via

our mobile money platform KCB M-PESA. In line with our target to enhance

25% of our total loan portfolio to the green investment, we deployed a Social

Environmental and Management Policy to accelerate this commitment and to

improve our divestment initiatives to strengthen resilience via adaptation and

mitigation

Reference(s)/ Link(s) to bank's full response/ relevant information

We will collaborate responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that

Annual Report, pages 76, 77, 78, 79

2021 Integrated

Sustainability Report pages 90, 91, 106, 107, 108, 109, 112 and 113

The Bank's 2020-23 strategy firmly puts the customer first, serving them through an upgraded IT architecture and digital services. We enhanced our digital infrastructure, translating to over 496 million transactions across all channels, including advancing over KShs. 2.1 trillion on mobile phones.

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

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

KShs. 480 million loans were advanced to MSMEs from KShs. 95 million the previous year. Mobile loans increased to KShs 157 billion from KShs. 81 billion in 2020. Over the last five years, the cumulative disbursement totalled KShs. 607 billion shillings via mobile. This represents numerous individuals and MSMEs that were at risk as a result of the economic downturn.

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

Also, as a result of the Supplier Conference, we enhanced the capacities and skills of our suppliers. We got over 300 suppliers on the sustainability track, aligning with the Group's sustainability objective of becoming net zero by 2050. The Mifugo Ni Mali program made vital strides in 2021. Sixty five Farmer Producer Organisations (FPO) were trained in various leadership and financial management courses for capacity building and exposure to different livestock value chains. To maximise the value of their investment, 412 farmers were trained, and to enable traceability and improve export marketability, 1,673 livestock were tagged. Tracking reduces insecurity and cattle rustling activities.

2021 Integrated Annual Report, pages

Sustainability Report pages 108, 109, 110, 111 and 113

76, 77, 78, 79



Describe which stakeholders (or

partnered with for the purpose of

implementing these Principles

impacts. This should include a

high-level overview of how your

stakeholders and what issues

were addressed/results achieved.

groups/types of stakeholders)

your bank has consulted.

engaged, collaborated, or

and improving your bank's

bank has identified relevant

Reporting and Self-Assessment 🤍 High-level summary of bank's response (limited assurance required for

Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 4: Stakeholders

We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.

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

Net Zero Banking Alliance (NZBA)

The KCB Bank is a founding member of NZBA, established in April 2021.

As part of our climate change commitment and accelerating the Paris Agreement, the Group deployed a strategy to be net zero by 2050.

United Nations Environment Programme Finance Initiative (UNEP FI)

KCB Group is a founding bank and active partner in the UN's Principles for Responsible Banking. It shares experience and best practices globally on implementing and aligning with the SDGs, greening the lending portfolio, committing to a net zero goal by 2050 and meeting the goals of the Paris Agreement

United Nations Global Compact (UNGC)

KCB Bank has committed to the UNGC principles since 2014, and we finished our four-year compliance period. For the last two years, we have communicated the progress in implementing the principles from 2019.

Green Climate Fund

KCB Bank Kenya became accredited by GCF in 2020 under the medium to large size lender category. The Bank became the second commercial bank accredited by the entity and is keen to accelerate its adaption and mitigation in Kenya.

International Financial Corporation (IFC)

KCB Group partnered with KCB Bank Kenya to accelerate sustainable finance. It received approval for US\$150 million from IFC as a lead syndicator to support the growth of the Bank's sustainable climate finance portfolio and scale-up lending to MSMEs, including women-owned businesses.

2021 Integrated Annual Report, pages 76, 77, 78, 79

Sustainability Report pages 80, 81, 82, 83, 124, 125, 126 and 127





Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
Principle 5: Governance & Culture We will implement our commitme	nt to these Principles through effective governance and a culture of responsible ba	anking
Describe the relevant governance structures, policies, and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the principles.	The Bank developed six sustainability policies during the reporting period in line with the progress started in 2020. The Bank enhanced its sustainability unit by engaging a consultant on climate risk analysis to align with the Central Bank climate-related guideline. The Bank also conducts a yearly capacity-building programme. In 2021, the Bank trained 8,025 staff in anti-money laundering compared to 2020 to 6,848. Also, during the reporting period, the Bank trained 6,819 staff on ethics, where we achieved a 100% awareness rate compared to 94% in 2020.	2021 Integrated Annual Report, pages 76, 77, 78, 79, 86, 86, 88, 89 Sustainability Report pages 10, 11, 118, 119, 120 and 121
Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	The Bank has been at the forefront in accelerating sustainable finance through designing innovative training among staff. During the reporting period, over 6,000 staff were trained on sustainability. Apart from the six sustainability-aligned policies, we also restructured to establish a Group Director, Marketing, Corporate Affairs and Citizenship. Also, we found a sustainability champions group across the business to augment peer-to-peer learning to enhance sustainability actions across the business.	2021 Integrated Annual Report, pages 76, 77, 78, 79 Sustainability Report pages 31, 32, 98 and 99
5.1 Governance Structure for Implementation of the Principles Show that your bank has a governance structure in place for the implementation of the PRB, including: a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	The KCB Group Board and Executive Committee review and approve the sustainability framework and strategy for the Bank. They ensure there are enough resources and manpower available for implementation. The target setting is done through a consultative process, and the Group Board tracks policy implementation. The KCB Legal, Risk, and Group internal audit divisions provide monitoring, assurance and reporting on overall sustainability risks. KCB has established KPI on green lending to achieve the 25% target by 2025. As part of accelerating the Paris Agreement, the Group committed to going net zero by 2050, augmenting its climate change commitment, including deploying a net zero strategy. KCB Group has defined targets and almost 70 indicators aligned with the SDGs, and work will improve the linkage with global targets and indicators.	2021 Integrated Annual Report, pages 76, 77, 78, 79, 86, 86, 88, 89 Sustainability Report pages 36, 37, 38, 39, 40, 41 and 42

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the

The Group is continuously training its business team and C-suite team on the new green path to ensure it achieves its target and put policies in place that govern the running of its business operations.



Reporting and Self-Assessment High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 6: Transparency & Accountability
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles

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

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

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

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

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

KCB Group sustainability policies monitor and ensure compliance with national laws and priorities such as the Climate Change Act of 2016, Energy Act of 2019, National Climate Change Action Plan (2018-2022), and revised NDC 2021. Other relevant plans are put into consideration as we conduct our businesses. The Group piloted its SDG tracking tool and enhanced its functionalities to collect and analyse sustainability KPIs to ensure we report periodically and track our tarts across the adopted SDGs.

2021 Integrated Annual Report, pages 76, 77, 78, 79

Sustainability Report pages 130, 131, 132, 133, 134, 135, 136 and 137

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

The Bank has fulfilled the requirements of Progress on Implementing the Principles for Responsible Banking. The Group has sustained its efforts to give comprehensive reporting on its sustainability efforts, through annual integrated and sustainability reports









Significance of GRI to KCB and its stakeholders

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

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

Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 102	Disclosure 102-1	Name of the organisation	About this report	Pg 2	
Organisational Profile	Disclosure 102-2	Activities, brands, products, and services	About Us	Pg 3	
	Disclosure 102-3	Location of headquarters	About Us	Pg 3	
	Disclosure 102-4	Location of operations	About Us	Pg 3	
	Disclosure 102-5	Ownership and legal form	Integrated Report 2021	Pg 10	
	Disclosure 102-6	Markets served	Regional Presence	Pg 12-23	
	Disclosure 102-7	Scale of the organisation	Regional Presence	Pg 23	
	Disclosure 102-8	Information on employees and other workers	Regional Presence	Pg 23	
	Disclosure 102-9	Supply chain	Stakeholder Engagement	Pg 76-83	
	Disclosure 102-10	Significant changes to the organisation and its supply chain	Integrated Report 2021	Pg 63	
	Disclosure 102-11	Precautionary Principle or approach	Integrated Report 2021	Pg 6	
	Disclosure 102-12	External initiatives	Meaningful partnershios	pg 122-127	
	Disclosure 102-13	Membership of associations	Meaningful partnershios	pg 122-127	
	Disclosure 102-14	Statement from senior decision-maker	From the leadership desk	Pg 24-31	
GRI 102 Strategy	Disclosure 102-15	Key impacts, risks, and opportunities	Our 2020-2023 strategy	Pg 32- 33/58-69	
	Disclosure 102-16	Values, principles, standards, and norms of behaviour	Polices and codes of conduct	Pg 40-41	
GRI 102 Ethics and Integrity	Disclosure 102-17	Mechanisms for advice and concerns about ethics	Polices and codes of conduct	Pg 40-41	

Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
Disclosure 102-18	Governance structure	The board	Pg 34-39	
Disclosure 102-19	Delegating authority	The board	Pg 34-39	
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	The board	Pg 34-39	
Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	Pg 76-83	
Disclosure 102-22	Composition of the highest governance body and its committees	The board	Pg 34-39	
Disclosure 102-23	Chair of the highest governance body	The board	Pg 34-39	
Disclosure 102-24	selecting the highest governance body	The board	Pg 34-39	
Disclosure 102-25	Conflicts of interest	Polices and codes of conduct	Pg 40-41	
Disclosure 102-26	governance body in setting purpose, values, and strategy	The board	Pg 34-39	
Disclosure 102-27	Collective knowledge of highest governance body	The board	Pg 34-39	
Disclosure 102-28	governance body's performance	Integrated Report 2021	Pg 91-92	
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Material topics	Pg 84-127	
Disclosure 102-30	Effectiveness of risk management processes	Risk Management	Pg 39	
Disclosure 102-31	environmental, and social topics	Material topics	Pg 84-127	
Disclosure 102-32	body's role in sustainability reporting	The board	Pg 34-38	
Disclosure 102-33	Communicating critical concerns	Polices and codes of conduct	Pg 39-41	
Disclosure 102-34	Nature and total number of critical concerns	Polices and codes of conduct	Pg 39-41	
Disclosure 102-35	· ·	Integrated Report 2021	Pg 67-68	
Disclosure 102-36	remuneration	Integrated Report 2021	Pg 67-68	
Disclosure 102-37	involvement in renumeration	Employees welfare	Pg 116-121	
Disclosure 102-38	Annual total compensation ratio	Integrated Report 2021	Pg 67-68	
Disclosure 102-39	Percentage increase in annual total compensation ratio	Integrated Report 2021	Pg 66	
	Requirement Disclosure 102-18 Disclosure 102-19 Disclosure 102-20 Disclosure 102-21 Disclosure 102-22 Disclosure 102-23 Disclosure 102-24 Disclosure 102-25 Disclosure 102-26 Disclosure 102-27 Disclosure 102-27 Disclosure 102-27 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-32 Disclosure 102-33 Disclosure 102-34 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-37 Disclosure 102-38	Disclosure 102-18 Disclosure 102-19 Disclosure 102-19 Disclosure 102-20 Disclosure 102-20 Disclosure 102-21 Disclosure 102-21 Disclosure 102-21 Disclosure 102-22 Disclosure 102-23 Disclosure 102-24 Disclosure 102-25 Disclosure 102-26 Disclosure 102-27 Disclosure 102-27 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-26 Disclosure 102-27 Disclosure 102-27 Disclosure 102-28 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-29 Disclosure 102-29 Disclosure 102-29 Disclosure 102-30 Disclosure 102-31 Disclosure 102-31 Disclosure 102-31 Disclosure 102-32 Disclosure 102-33 Disclosure 102-34 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-38 Disclosure 102-39 Disclosure 102-39 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-38 Disclosure 102-39 Disclosure 1	Disclosure 102-18 Disclosure 102-19 Disclosure 102-19 Disclosure 102-19 Disclosure 102-20 Disclosure 102-20 Disclosure 102-20 Disclosure 102-21 Disclosure 102-21 Disclosure 102-22 Disclosure 102-22 Disclosure 102-23 Disclosure 102-24 Disclosure 102-25 Disclosure 102-26 Disclosure 102-27 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-26 Disclosure 102-27 Disclosure 102-27 Disclosure 102-28 Disclosure 102-28 Disclosure 102-29 Disclosure 102-26 Disclosure 102-27 Disclosure 102-28 Disclosure 102-27 Disclosure 102-28 Disclosure 102-28 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-30 Disclosure 102-31 Disclosure 102-31 Disclosure 102-32 Disclosure 102-33 Disclosure 102-34 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 1	Disclosure 102-18 Disclosure 102-19 Disclosure 102-20 Disclosure 102-22 Disclosure 102-22 Disclosure 102-25 Disclosure 102-25 Disclosure 102-25 Disclosure 102-26 Disclosure 102-27 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-20 Disclosure 102-20 Disclosure 102-25 Disclosure 102-26 Disclosure 102-27 Disclosure 102-28 Disclosure 102-28 Disclosure 102-29 Disclosure 102-29 Disclosure 102-20 Disclosure 102-30 Disclosure 102-30 Disclosure 102-30 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-31 Disclosure 102-32 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 102-39 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 102-39 Disclosure 102-30 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 102-39 Disclosure 102-39 Disclosure 102-30 Disclosure 102-30 Disclosure 102-30 Disclosure 102-31 Disclosure 102-35 Disclosure 102-36 Disclosure 102-37 Disclosure 102-38 Disclosure 102-39 Disclosure 102-39 Disclosure 102-39 Disclosure 102-30 Disclosure 1







Disclosures GRI General	Core Option	Disclosure Title	Section Title	Page Location/	Omission
Disclosures	Requirement	Disclosure Title	Section Title	URL	01111331011
GRI 102 Stakeholder Engagement	Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement process	Pg 76-83	
Liigageiileiit	Disclosure 102-41	Collective bargaining agreements	Stakeholder Engagement process	Pg 76-83	
	Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement process	Pg 76-83	
	Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement process	Pg 76-83	
	Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement process	Pg 76-83	
GRI 102 Reporting practise	Disclosure 102-45	Entities included in the consolidated financial statements	Integrated Report 2021	Pg 127	
	Disclosure 102-46	Defining report content and topic Boundaries	Material topics	Pg 84-127	
	Disclosure 102-47	List of material topics	Material topics	Pg 84-127	
	Disclosure 102-48	Restatements of information	Integrated Report 2021	Pg 236	
	Disclosure 102-49	Changes in reporting	About the report	Pg 2	
	Disclosure 102-50	Reporting period	About the report	Pg 2	
		Date of most recent			
	Disclosure 102-51	report	About the report	Pg 2	
	Disclosure 102-52 Disclosure 102-53	Reporting cycle Contact point for questions regarding the report	About the report About the report	Pg 2	
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	·		
	Disclosure 102-54	GRI content index	About the report GRI content index Table	Pg 2 Pg 128-148	
	Disclosure 102-33	ON content maex	ON Content maex rable	1 y 120-140	This report has not
	Disclosure 102-56	External assurance			been assured
	200 series (Economic		1		
GRI 103 Management Approach	Disclosure 103-1	"Explanation of the material topic and its Boundary	Material topic Digital Banking	Pg 88-91	
(2016)		Boundary	Material topic sustainable finance and climate action	Pg 92-103	
			Material topic customer experience	Pg 104-115	
			Material topic employee welfare	Pg 116-121	
			Material topic meaningful partnerships	Pg 122-127	
	Disclosure 103-2	The management approach and its components	Material topics	Pg 84-127	
	Dislosure 103-3	Evaluation of the management approach	Material topics	Pg 84-127	

Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 201 Economic Performance	Disclosure 201-1	Direct economic value generated and distributed	Aligning to the North star	Pg 48-57	
(2016)	Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Material topic sustainable finance and climate action	Pg 92-105	
	Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Integrated Report 2021	Pg 164	Not Applicable
	Disclosure 201-4	Financial assistance received from government			because KCB Group does not receive any financial assistance from the government
GRI 202 Market Presence (2016)	Disclosure 202-1	Ratios of standard entry level wage by gender compared with local minimum wage	Integrated Report 2021	Pg 66-68	
0.51.000	Disclosure 202-2	Proportion of senior management hired from the local community	Integrated Report 2021	Pg 66-68	
GRI 203 Indirect Economic Impacts (2016)	Disclosure 203-1	Infrastructure investments and services supported	Aligning to the North star	Pg 48-57	
•	Disclosure 203-2	Significant indirect economic impacts	Aligning to the North star	Pg 48-57	
GRI 204 Procurement Practices (2016)	Disclosure 204-1	Proportion of spending on local suppliers	Aligning to the North star	Pg 48-55	
GRI 205 Anti-corruption (2016)	Disclosure 205-1	Operations assessed for risks related to corruption	Integrated Report 2021	Pg 113	
	Disclosure 205-2	Communication and training about anti- corruption policies and procedures	Integrated Report 2021	Pg 113	
	Disclosure 205-3	Confirmed incidents of corruption and actions taken	Polices and codes of conduct	Pg 40-41	
GRI 206 Anti- competitive Behavior (2016)	Disclosure 206-1	Legal actions for anti- competitive behaviour, anti-trust,and monopoly practices	Polices and codes of conduct	Pg 40-41	
GRI 207	Disclosure 207-1	Approach to tax	Integrated Report 2021	Pg 154	
Tax (2019)	Disclosure 207-2	Tax governance, control, and risk management	Integrated Report 2021	Pg 102-118	
	Disclosure 207-3	Stakeholder engagement and management of concerns related to tax	Integrated Report 2021	Pg 102-118	
	Disclosure 207-4	Country-by-country reporting	Integrated Report 2021	Pg 32-39	



GRI CONTENT INDEX



Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 103 Management Approach (2016)	Disclosure 103-1	Explanation of the material topic and its Boundary	Material topics	Pg 84-127	
(2010)	Disclosure 103-2	The management approach and its components	Material topics	Pg 84-127	
	Dislosure 103-3	Evaluation of the management approach	Material topics	Pg 84-127	
Material Topics-	300 series (Environm	nental topics)			
GRI 301 Materials	Disclosure 301-1	Materials used by weight or volume	Resource Consumption	Pg 96-97	
(2016)	Disclosure 301-2	Recycled input materials used	Resource Consumption	Pg 96-97	
	Disclosure 301-3	Reclaimed products and their packaging materials			KCB Group currently does not track this indicator.
GRI 302 Energy (2016)	Disclosure 302-1	Energy consumption within the organization	Resource Consumption	Pg 96-97	
	Disclosure 302-2	Energy consumption outside of the organisation	Resource Consumption	Pg 96-97	
	Disclosure 302-3	Energy intensity	Resource Consumption	Pg 96-97	
	Disclosure 302-4	Reduction of energy consumption	Resource Consumption	Pg 96-97	
	Disclosure 302-5	Reduction in energy requirements of products and services	Resource Consumption	Pg 48-55	
GRI 305 Emissions	Disclosure 305-1	Direct (Scope 1) GHG emissions	Resource Consumption	Pg 48-55	
(2016)	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Resource Consumption	Pg 48-55	
					KCB Group does not track this indicator. However, we do track and report scope 3 emissions
	Disclosure 305-3	Other indirect (Scope 3) GHG emissions	Resource Consumption		for relevant categories
	Disclosure 305-4	GHG emissions intensity	Resource Consumption	Pg 96-97	
	Disclosure 305-5	Reduction of GHG emissions	Resource Consumption	Pg 96-97	
	Disclosure 305-6	Emissions of ozone- depleting substances (ODS)			KCB Group currently does not track this indicator.
	Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions			KCB Group has not estimated the emissions of these gases, but these are expected to be negligible.

GRI G	osures General osures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 3 (2020	06: Waste	Disclosure 306-1	Waste generation and significant waste-related impacts			KCB Group currently does not track this indicator.
		Disclosure 306-2	Management of significant waste-related impacts			KCB Group currently does not track this indicator.
		Disclosure 306-3	Waste generation			KCB Group currently does not track this indicator.
		Disclosure 306-4	Waste diverted from disposal			KCB Group currently does not track this indicator.
		Disclosure 306-5	Waste directed to disposal			KCB Group currently does not track this indicator.
	onmental oliance	Disclosure 307-1	Non-compliance with environmental laws and regulations	Material topics	Pg 84-127	
	lier onmental	Disclosure 308-1	New suppliers that were screened using environmental criteria	Meaningful partnerships	Pg 122-127	
(2016	ssment)	Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	Meaningful partnerships	Pg 122-127	
Appro	ngement Dach	Disclosure 103-1	Explanation of the material topic and its Boundary	Material topics	Pg 84-127	
(2016	o J	Disclosure 103-2	The management approach and its components	Material topics	Pg 80-102	
		Dislosure 103-3	Evaluation of the management approach	Material topics	Pg 80-102	
Mater	rial Topics-	400 series (Social top				
GRI 4 Empl	.01 .oyment	Disclosure 401-1	New employee hires and employee turnover	Integrated Report 2021	Pg 68	
		Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Integrated Report 2021	Pg 66-68	
GRI 4 Labor Mana Relat	r/ agement	Disclosure 401-3 Disclosure 402-1	Parental leave Minimum notice periods regarding operational changes	Integrated Report 2021	Pg 66-68	



GRI CONTENT INDEX



Disclosures				Paga	
Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 403 Occupational Health and Safety (2018)	Disclosure 403-1	Occupational health and safety management system Hazard identification,	Integrated Report 2021	Pg 16-17	
	Disclosure 403-2	risk assessment, and incident investigation	Aligning to the North star	Pg 48-57	
	Disclosure 403-3	Occupational health services	Aligning to the North star	Pg 48-57	
	Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	Aligning to the North star	Pg 48-57	
	Disclosure 403-5	Worker training on occupational health and safety	Aligning to the North star	Pg 48-57	
	Disclosure 403-6	Promotion of worker health	Aligning to the North star	Pg 48-57	
	Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Aligning to the North star	Pg 48-57	
	Disclosure 403-8	Workers covered by an occupational health and safety management system	Aligning to the North star	_	
	Disclosure 403-9	Work-related injuries	Aligning to the North star	Pg 48-57	
	Disclosure 403-10	Work-related ill health	Aligning to the North star	Pg 48-57	
GRI 404 Training and	Disclosure 404-1	Average hours of training per year per employee	Aligning to the North star	Pg 48-57	
Education (2016)	Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programs Percentage of employees receiving regular performance and career	Aligning to the North star	Pg 49-57	
	Disclosure 404-3	development reviews	Aligning to the North star	Pg 49-57	
GRI 405 Diversity and Equal	Disclosure 405-1	Diversity of governance bodies and employees	Aligning to the North star	Pg 48-57	
Opportunity (2016)	Disclosure 405-2	Ratio of basic salary and remuneration of women to men	Material topic employee welfare	Pg116-121	
GRI 406 Non- discrimination (2016)	Disclosure 406-1	Incidents of discrimination and corrective actions taken	The board	Pg 34-38	
GRI 407 Freedom of Association and Collective Bargaining (2016)	Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The board	Pg 34-38	
GRI 408 Child Labour (2016)	Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	The board	Pg 34-38	

Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 409 Forced or Compulsory Labour (2016)	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	The board	Pg 34-38	
GRI 410 Security Practices (2016)	Disclosure 410-1	Security personnel trained in human rights policies or procedures	The board	Pg 34-38	
GRI 411 Rights of Indigenous Peoples	Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	The board	Pg 34-38	
GRI 412 Human Rights Assessment (2016)	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	The board	Pg 34-38	
	Disclosure 412-2	Employee training on human rights policies or procedures Significant investment	The board	Pg 34-38	
	Disclosure 412-3	agreements and contracts that include human rights clauses or that underwent human rights screening	The board	Pg 34-38	
GRI 413 Local Communities (2016)	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programmes	The board	Pg 34-38	
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	The board	Pg 34-38	
GRI 414 Supplier Social Assessment	Disclosure 414-1	New suppliers that were screened using social criteria	Meaningful partnerships	Pg 122-127	
(2016)	Disclosure 414-2	Negative social impacts in the supply chain and actions taken	Meaningful partnerships	Pg 122-127	Matagaliashia
GRI 415 Public Policy (2016)					Not applicable because KCB Group does not make any political
	Disclosure 415-1	Political contributions			contributions
GRI 416 Customer Health and Safety (2016)	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	Material topic customer experience	Pg104-115	
	Disclosure 416-2 I	incidents of non- compliance concerning the health and safety impacts of products and services	Material topic customer experience	Pg104-115	







Disclosures GRI General Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 417 Marketing and Labeling (2016)	Disclosure 417-1	Incidents of non- compliance concerning product and service	Material topic customer experience	Pg104-115	
	Disclosure 417-2	Incidents of non- compliance concerning product and service information and labeling	Material topic customer experience	Pg104-115	
	Disclosure 417-3	Incidents of non- compliance concerning marketing communications	Material topic customer experience	Pg104-115	
GRI 418 Customer Privacy (2016)	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Material topic customer experience	Pg104-115	



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