



KCB



SHARED VALUE FOR IMPACT

KCB GROUP SUSTAINABILITY REPORT 2022

For People. For Better.

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About this Report

This report details KCB Group's Sustainability progress for the year ended December 31, 2022. The information presented in this report covers all of the Group's businesses. This report is part of a suite of reports, which, together, provide an overview of the performance of the Group. This report was published on August 30, 2023.

The report has been prepared following the Global Reporting Initiative (GRI) Standards: Core Option. This report is, however, not assured. No restatement of information is required for data presented in previous iterations of this report.

KCB Group is a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Banking (PRB), of which KCB is a founding member and the United Nations Global Compact (UNGC) principles. The content presented in this report will also allow for reporting against the commitments made as members of these organisations.

The KCB Group has an integrated approach to Environmental, Social, and Governance (ESG) practices, which allows the Group to anchor its commitments within the UN Sustainable Development Goals (SDGs). Based on this approach, the operations enable reporting against 12 of the 17 SDGs following the adoption of three additional goals in 2022.

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Our Reporting Universe

The Sustainability Report is part of the reports we provide to stakeholders interested in yearly monitoring of our financial and non-financial performance. These reports are available for download on the KCB website. In the Sustainability Report, we will refer to these reports to guide readers on additional information.

Our suite of reports includes the following:

Integrated Report and Financial Statements

This report provides our stakeholders with a complete and integrated view of how our company operates. This is presented through a balanced approach on how financial and non-financial value is created, preserved and eroded across the KCB Group entities. Find the report [here](#).



THIS REPORT

Sustainability Report

This report summarises the Group's approach to ESG risk management, with additional emphasis on the approach to climate risk mitigation, and the contribution made to developmental impact objectives.



Principles of Responsible Banking Self-Assessment Report

This self-assessment report published on our website provides an overview on how we align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks. Find the report [here](#).



Investor Presentation

These presentations are published on our website on a quarterly basis and provide an overview of the Group, its operating environment and financial performance. Find the presentations [here](#).



Introduction



About Us

KCB Group Plc (“KCB” or the “Group”) is a non-operating holding company incorporated in Kenya. It is a leading financial solutions provider with 127 years of expertise in supporting economic development in East Africa by being For People. For Better. to enhance their progress.

KCB Group has a legacy of delivering sustainable value to shareholders and society. This ensures long-term business success while contributing to economic and social development, promoting a healthy environment, and fostering a stable society. To KCB, sustainability encompasses the creation of value for a wide range of stakeholders, including shareholders, employees, customers, suppliers, communities, and the government. It also considers future generations’ needs and well-being, recognising the importance of long-term sustainability in all aspects of its operations.

“ To KCB, sustainability encompasses the creation of value for a wide range of stakeholders, including shareholders, employees, customers, suppliers, communities, and the government. **”**

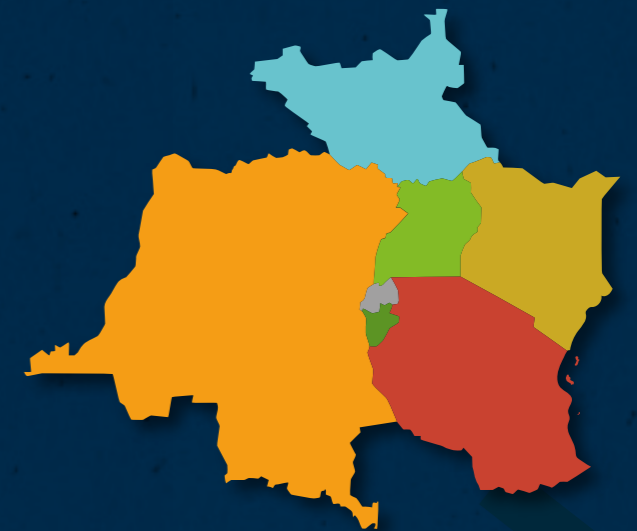


Our Footprint

KCB Group Plc is East Africa’s largest commercial Bank that was established in 1896. The Group is headquartered in Kenya, with the country serving as the lead market for the Group with two banking subsidiaries, namely KCB Bank Kenya and National Bank of Kenya. Over the years, the Group has grown and spread its wings into Tanzania, South Sudan, Uganda, Rwanda, Burundi and the Democratic Republic of Congo. Our subsidiaries, KCB Bank Kenya and TMB have representative offices in Ethiopia and Brussels, respectively.

Additionally, KCB Group owns KCB Bancassurance Intermediary Limited, KCB Investment Bank, KCB Asset Management, KCB Foundation and Kencom House Limited as non-banking businesses.

Today, KCB has the largest branch network in the region with 603 branches, 1,270 ATMs and over 28,000 merchants and agents offering banking services on a 24/7 basis in East Africa. This is complemented by mobile banking and Internet banking services with 24-hour contact centre services for our customers to get in touch with the Bank. KCB has a vast network of correspondent relationships totalling over 200 banks across the globe, and wherever they are, our customers are assured of seamless facilitation of their international trade requirements.



How we are Organised



To offer these banking services to the market across our operational footprint, KCB Group employs a focused management approach and implements customised credit risk screening based on specific market dynamics, including identified Environmental, Social, and Governance risk factors.

Our operations encompass our human resources, who play a pivotal role in enabling us to serve customers in a manner that not only drives financial returns to our shareholders but enhances the lives and well-being of our communities. We innovate products that are tailored to meet specific market

segments. This allows us to leverage our footprint and know-how to target customers financially excluded from traditional banking environments.

We continue to focus on the delivery of products to the market through ever-increasing diversified distribution channels. This includes agents, traditional branch networks, and digitally-enabled channels like Internet banking and mobile banking solutions. We leverage our supply chain and forge strategic partnerships to scale our business models in each geographic location and to extend our reach as far as possible.

“Our operations encompass our human resources, who play a pivotal role in enabling us to serve customers in a manner that not only drives financial returns to our shareholders but enhances the lives and well-being of our communities.”



The Group champions the creation of shared value through its corporate social investment arm, the KCB Foundation. The Foundation runs several programmes on youth development, livestock farming, and scholarships for high school and university students.

Our Customers, Products and Channels

With over 32.4 million customers, the Group has been at the centre of East Africa’s economic progress over the past 127 years. It has facilitated growth and economic advancement, promoted regional commerce, and connected millions of people worldwide to opportunities on the African continent

and beyond. Additionally, it has made a significant social impact on communities.

KCB provides a comprehensive range of financial services through two key segments: corporate banking and retail banking. These segments allow us to cater to the diverse needs of our customers. The Group also offers digital financial services, insurance products, investment banking and shariah compliant products. We deploy these products through various channels, extending our touch points in the market to enhance financial inclusion. In certain markets, brick-and-mortar banking is still preferred despite the growing appeal of convenient options like online banking. Extending our physical footprint using agents is thus

“Structural adjustments have been made to all KCB outlets and touch points with the needs of those with disability in mind. There are ramps available across our network. The Bank has achieved 100% ramp installation for easy access to bank facilities including accessibility to ATMs and washrooms for people living with disability. Lifts are also available for services on storey buildings.”

“As a Group, we continuously innovate to ensure our business is aligned with key fundamental sustainability frameworks.”

important in our geographies allowing customers to access our products using a physical touch point where possible. Continued effort is put into extending this network to service the “last mile” customers in rural areas of the countries where we operate.

Sustainability Considerations

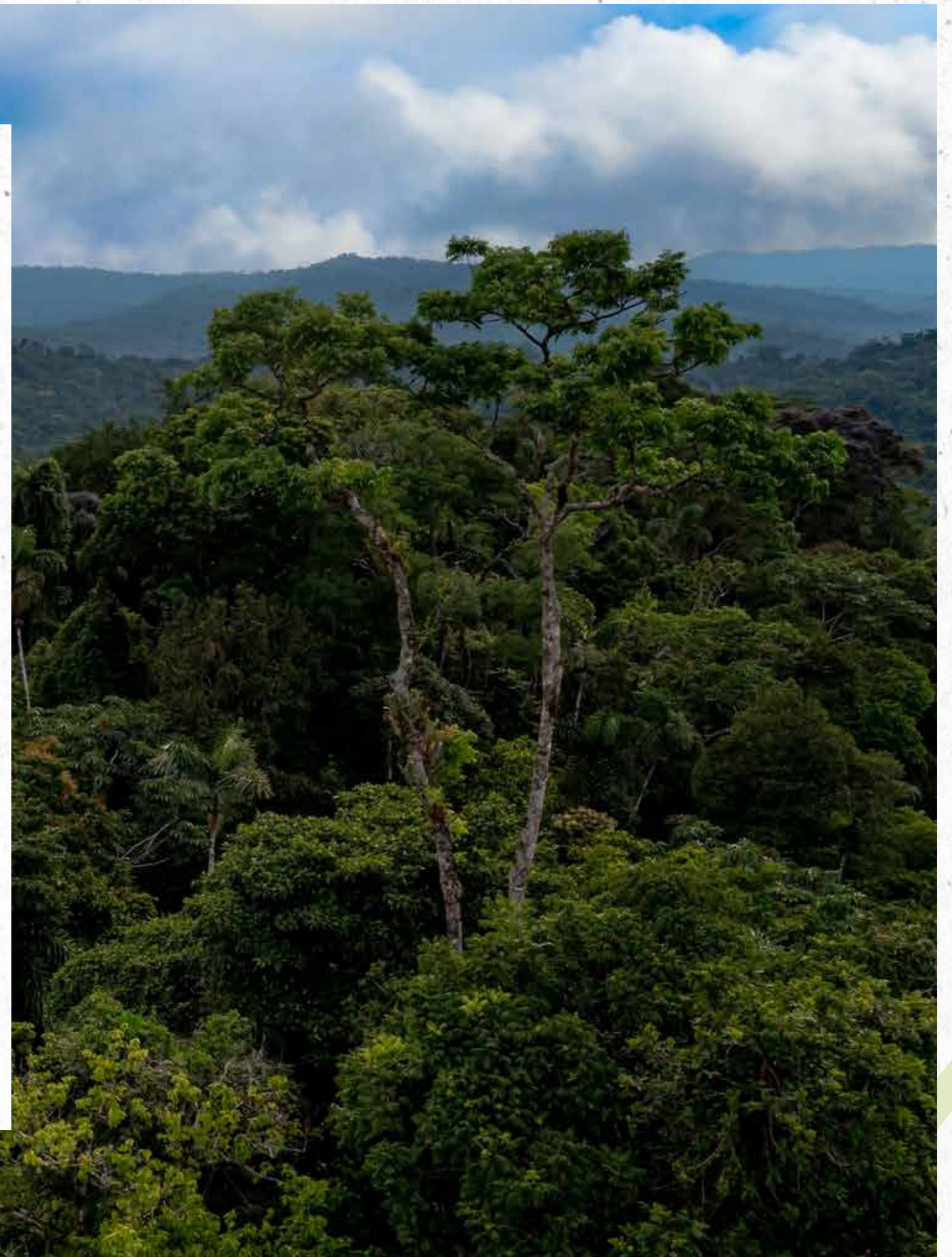
The Group has been listed on the Nairobi Securities Exchange (NSE) since 1988. It has since been cross-listed on the Dar es Salaam Stock Exchange (DSE), Uganda Securities Exchange (USE), and Rwanda Stock Exchange (RSE). At the end of 2022, the Group had 193,615 individual and institutional shareholders (please refer to page 109 in the Integrated Annual Report for more details). 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.

As a Group, we continuously innovate to ensure 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 United Nations Global Compact (UNGC) principles, which inform our plans to build a sustainable

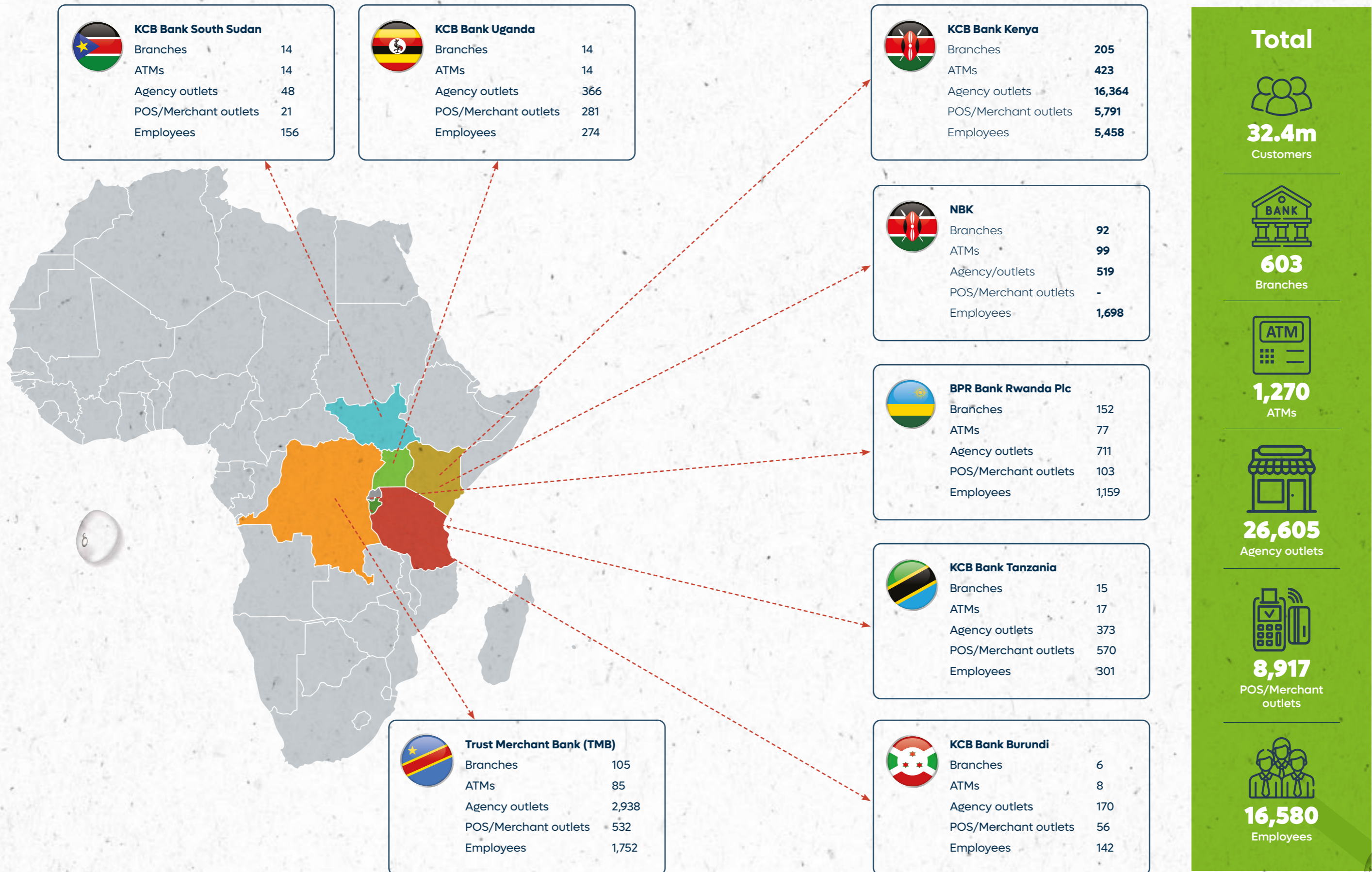
banking business that is responsive to the needs of current and future generations.

We believe that the targets and results published in this report are in line with broader policy goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, the Task Force for Climate-related Financial Disclosures (TCFD), and the Companies 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 sustainable 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 to help us reduce inequalities, enhance access to financial products and services, and protect the society and environment. This will put us on par with the global banking sector regarding sustainability, increased peer-to-peer learning through international partnerships, and use of standardised reporting parameters. This alignment to best practice approaches to sustainable banking has not only driven enhanced shareholder returns, but has also allowed us to actively contribute to goals set under the SDGs in each country we operate.



Regional Presence



Overview

The Group aims to deliver exceptional customer experience and drive a digital future through the Beyond Banking strategy, which is now in its penultimate year.

Strategic Pillars



What Drives Us



2023 will see the strategic thrusts anchored around customer obsession, execution, and culture.

OUR VALUES

Closer
Connected
and
Courageous.

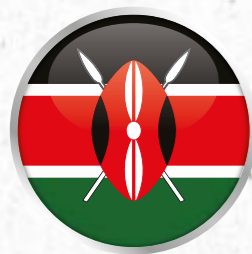
OUR PURPOSE

For People.
For Better.

Banking Subsidiary Achievements 2022

Sustainability initiatives rolled out in Kenya in 2022:

 <p>Reduction of the Bank's resource consumption and carbon footprint.</p>	 <p>Enhancing the Environmental and Social Due Diligence process to screen clients from KShs. 50 million.</p>	 <p>Capacity-building on ESG, green lending, climate risk management and Environmental and Social Due Diligence.</p>	 <p>Increasing the Bank's green lending portfolio.</p>
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Strategic Initiatives in 2022: KCB Bank

Enhancement of the Bank's due diligence processes

To ensure the protection of the environment and society, the Group lowered its threshold for projects that undergo the Environmental and Social Due Diligence process from KShs. 100 million to KShs. 50 million.

Establishment of climate risk management initiatives in accordance with the Central Bank of Kenya's guidelines

In line with the CBK climate risk management guidelines, the Bank developed a roadmap to ensure adequate management of climate risks. This roadmap included a revision of policies, incorporating climate risk management protocols and introduced a Board mandate on managing ESG matters. There are additional future plans in place to calculate the Bank's financed carbon emissions and conduct climate stress testing and portfolio analysis to determine physical and transitional risks.

Increase of the Bank's green lending portfolio

Green financing is a key objective for the Bank, with lending of this type being tracked since 2021 with the initial green portfolio noted to be 8.4%. We continued to direct capital towards initiatives that promote a low-carbon economy, reduce greenhouse gas emissions, conserve resources, and encourage sustainable business practices.

The Bank received funds from the International Finance Corporation (IFC) worth \$150 million to finance climate projects in 2022, including those linked to energy-efficient, renewable energy production, climate-smart technology implementation, and green buildings design. This contributed to a growth in the Group's green portfolio to 12.32% by December 2022.

“ The Bank received funds from the International Finance Corporation (IFC) worth \$150 million to finance climate projects in 2022. **”**



Greening the rally

KCB Bank Kenya organised the Greening Legacy Project with the World Rally Championship (WRC). This initiative aims to plant and grow 700,000 trees to offset emissions resulting from the event.



Partnering with suppliers for responsible procurement

The Bank rolled out a supply chain and shared services sustainability strategy to enable suppliers to improve their sustainability practices and influence the supply chain for greater environmental and social outcomes. In line with this strategy, the Bank cascaded the Supplier Code of Conduct, with 53% of suppliers signing up to the Code. This is a key commitment to responsible and sustainable procurement practices and supplier development support.

Greening schools

The Bank committed KShs. 35 million to green cooking energy in schools. This financing will enable schools to transition from non-sustainable energy sources like wood fuel to more environmentally appropriate energy sources. In the year, 24 schools were assisted to develop Liquefied Petroleum Gas (LPG) infrastructure with a total investment of KShs. 14.2 million.

Making homes affordable

Affordable housing remains a major challenge in the country. In the year, KCB, in partnership with Kenya Mortgage Refinancing Company (KMRC), introduced a mortgage product for middle-income earners. The product enables homeownership for this segment, which existing propositions have largely underserved.




In partnership with Habitat for Humanity Kenya the staff volunteerism programme supported construction of homes for two needy families in Machakos and Nanyuki counties. Staff contributed through sweat equity by participating in the actual construction with 2jijiri beneficiaries volunteering skills learnt from various artisan courses they undertook.

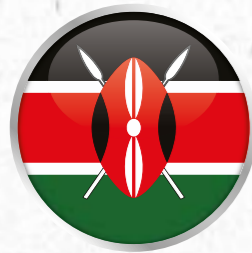
KCB Linda Miti Initiative

This initiative aims to plant and nurture over 1.5 million trees over the next 5 years in partnership with over 12,000 schools. In 2022, KCB Bank planted 10,781 in the first two months of the exercise.

“ The Bank committed KShs. 35 million to green cooking energy in schools. **”**

Sustainability initiatives rolled out in NBK in 2022:

 <p>Introduction of monitoring of the Bank's resource consumption and carbon footprint.</p>	 <p>Enhancing the Environmental and Social Due Diligence process to screen clients from KShs. 50 million.</p>	 <p>Capacity-building on ESG, green lending, climate risk management and Environmental and Social Due Diligence.</p>
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Strategic Partnerships in 2022: NBK


Enhancing Access to Water


In response to facilitating access to clean water and sanitation, NBK partnered with various funders, development agencies, and technology providers to enhance levels of financing to the public and private sectors, including micro, small, and medium-sized enterprises (MSMEs). Technology partners were also onboarded to facilitate IOT/Smart Metering and Billing technology to be utilised in the market, assisting dealership financing initiatives. These initiatives further boost the Bank's programme 'Majikconnect', which finances the Water Sanitation and Hygiene (WASH) sector for MSMEs, corporates, and water service providers. This financial contribution reaffirms the Bank's commitment to supporting last-mile connectivity in the water sector.

Partners

	<p>Description: Distinct partnerships to enhance financing of enterprises in the WASH sector, including public and private water utility companies and MSMEs.</p> <p>Impact: The partnership reaffirms the Bank's commitment to supporting last-mile connectivity in the water sector through increased access to financing in line with SDG 6 on Clean Water and Sanitation. The number of beneficiaries who had accessed clean water through this programme as of 2022 stood at 294,114.</p>
	<p>Description: Technology partner for IOT/Smart Metering and Billing technology, and dealership financing.</p> <p>Impact: Access to technology and finance for players in the WASH ecosystem.</p>

Other partnerships: NBK

	<p>Description: A partnership to establish a payment platform for the Coding for Schools programme.</p> <p>Impact: The partnership allows customers to pay from any NBK branch across the country directly.</p>
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<p>Growth Match Africa and UK Kenya Tech Hub:</p>	<p>Description: Partnered to launch a mentorship programme for start-ups dubbed "StartUp & Chill" that pairs start-up businesses with strong mentors and advisors with significant domain, technical or business expertise in their respective fields of business.</p> <p>Impact: Start-ups can receive much-needed support to navigate the critical inception stage and grow into viable, thriving businesses.</p>
<p>Kenya Private Schools Association (KPSA) and UNIFIED Alternative Providers for Basic Education and Training (APBET) Schools Association - Kenya:</p> 	<p>Description: The partnership has given rise to Elimukconnect, an education financing and empowerment proposition.</p> <p>Impact: Schools have been provided with access to financing for infrastructure development, leadership, capacity-building, innovation in learning, energy and water provision, digitisation, and ICT infrastructure development, as well as asset financing.</p> <p>NBK has opened new accounts for 6,301 schools (public and private). In addition, we have lent to 22 private schools amounting to KShs. 98.3 million as at June 2023. On the lending side, a total of 7,588 students have been impacted.</p>



Key digital channels rolled out in 2022 to enhance levels of financial inclusion and customer experience were as follows:

- **Tab banking:** to enhance the new customer onboarding journey,
- **Ziddi platform:** to enable the digital purchase of bid bonds,
- **Natshule school platform:** a platform that allows schools to have a secure, single, 360-degree view of day-to-day operations,
- **Multi-currency Prepaid Card:** a card that provides customers with the ability to transact using foreign currencies, and
- **Nat Mobile FX Module:** to enable customers to access forex on the go.

The Group continues to drive new business frontiers, expansions, and innovations to existing propositions, including host-to-host, remote cheque scanning, Cash Deposit Machines (CDMs), new integrations and automation of direct debit collections, mobile banking, implementation of insurance digital platforms, integrations of TQ with Core Bank system, website and NBK app, enhancement of agent banking and mobile banking through onboarding of additional billers and integration of Vooma services on the NBK mobile banking platform.

“The Group continues to drive new business frontiers, expansions, and innovations to existing propositions.”

Sustainability initiatives rolled out in 2022 in Burundi:



Key digital channels rolled out in 2022:

In 2022, our digital channels experience score improved for KCB Burundi customers and other players in the Burundi market. The main challenge in the market remains activating the dormant base and developing a digital culture. Activation campaigns and tailor-made product offerings, including the KCB Mobile Application, provide customers with a seamless banking experience.

Burundi:
Facilitating home ownership and supporting women.

Strategic Partnerships in 2022:

Foundation Stamm

A partnership to execute the "ITEZE IMBERE" programme (facilitated through a vocational institution owned by the KCB Foundation) to enhance youth development skills.

100 youth enrolled to be trained in artisan courses and were provided with business development skills as well as toolkits. Over and above the technical training, the 100



youth will be trained on entrepreneurship and financial inclusion by dedicated KCB Foundation Business Development Officers. This will see the 100 youth supported with industry-specific toolkits to start up their businesses and create 5 jobs amongst their peers (500 jobs are expected to be created).

Burundi First Lady's Foundation

As part of the Bonne Action Mugiraneza project, KCB Foundation donated maternal medical equipment worth KShs. 3.5 million to boost the fight against infant mortality. Over 500,000 mothers are expected to benefit from this support. Amongst the equipment donated were distillatory equipment and a 10 kVA 3-Phase UPS.

Becoming a homeowner

A new mortgage product was launched in November 2021, which emerged as one of the best-performing loans in the Bank with total loans of KShs. 89 million issued in 2022. This product assists clients in various ways, including purchasing or building their ideal homes, developing property for rental purposes, and acquiring plots of land. This product is tailored to resident Burundians, non-Burundians, and the diaspora.

“A partnership as part of the Bonne Action Mugiraneza project. KCB Foundation donated maternal medical equipment worth KShs. 3.5 million to boost the fight against infant mortality.”



“A new mortgage product was launched in November 2021, which emerged as one of the best-performing loans in the Bank with total loans of KShs. 89 million issued in 2022.”

Sustainability initiatives rolled out in Rwanda in 2022:

 <p>Continuous tracking of usage of paper, fuel, energy, and water.</p>	 <p>Screening clients for ESG for those borrowing more than KShs. 50 million.</p>	 <p>Conducted Environmental and Social Due Diligence (ESDD) for projects worth KShs. 3.722 billion.</p>	 <p>Green lending determined baseline of 16%.</p>
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BPR BANK: Empowering businesses and the youth.

Key digital channels rolled out in 2022:

There has been a focus on simplifying solutions to drive revenue and achieve cost savings. This helps offer customers products that fit their needs while incorporating branch, IT, Operations, Retail, Customer Experience, and Credit feedback to improve the experience.

There are opportunities in the manufacturing, real estate, export, trade, and agriculture value chains for 2023. Through this focus, we capture cheaper deposits while minimising operational costs by reinforcing our merchant business (POS, agency banking), digital integration for deposit collections, such as school fees collection (Kudi books), and other government and non-government partnerships. This enables the Bank to offer discounted financing (ERF, EGF, ENABEL) and guarantee funds to breach the collateral gap (FAGACE, FSA, BDF).

Strategic Partnerships in 2022:

Supporting businesses/merchants

The Bank has partnered with technology providers to promote cashless payments. This was facilitated using the new BPR Bank Visa cards. A campaign promoted clients'



use and uptake of these cards. Using these cards makes payments easier, saving costs due to less time required to process transactions, improving levels of safety for business owners, and fast-tracking the reconciliation of transactions using electronic statements.

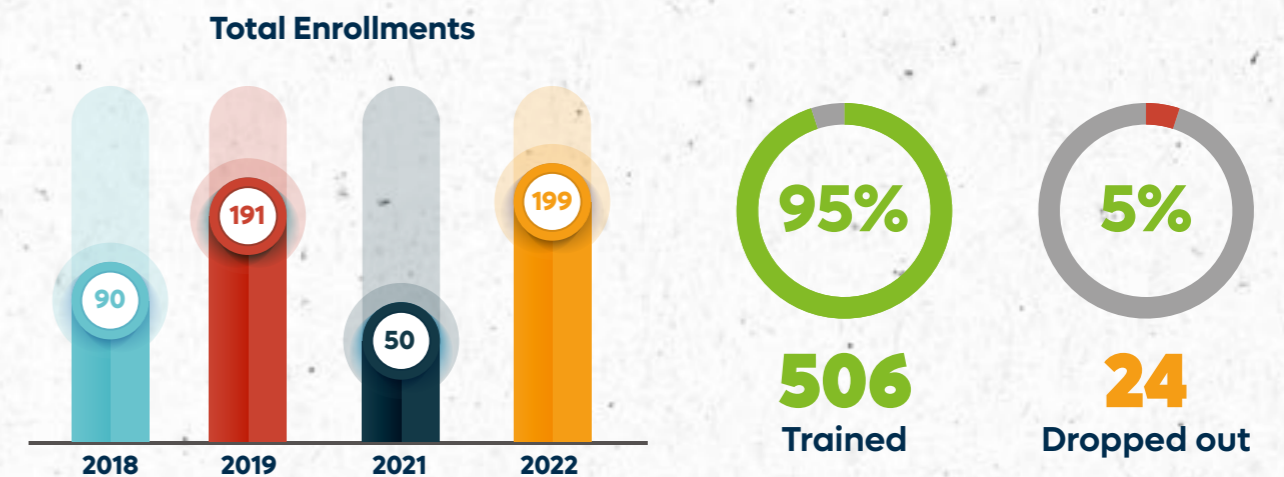
Igire programme (2jajiri) participation

Through this partnership, the Bank was able to incubate 200 youth nationwide in 2022. We have created 122 direct jobs and 172 indirect jobs through this programme. The beneficiaries underwent a 6-month training programme under the Foundation's programme dubbed 'Igire', the flagship youth wealth and job creation programme in Rwanda meaning self-employment. It is an offshoot of the 2jajiri programme being implemented in Kenya. The training covered information and communications technology, culinary arts, tiling, welding, and motor vehicle mechanics at Integrated Polytechnic Regional Centres (IPRC) in Kigali, Gishari, Ngoma and Huye.

The Foundation has so far trained and provided business development support services to 506 youth under the Igire programme and seed capital to 50 businesses since its inception in 2018.

“ We have created 122 direct jobs and 172 indirect jobs through this programme. **”**

Enterprise Development in Rwanda



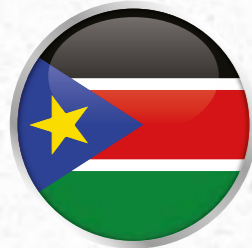
Course Trained	Female	Male	Grand Total
ICT	63	83	146
Culinary Arts	85	45	130
Welding and Metalwork	4	43	47
Motor Vehicle Mechanics	8	34	42
Tiling	8	22	30
Agri-Mechanisation	8	18	26
Auto Mobile Mechanics	3	23	26
Food Processing	16	9	25
Domestic Electrical Installation	5	14	19
Filmmaking	6	9	15
Grand Total	206	300	506

50 of the trained students from 2021 were vulnerable teen mothers

Sustainability initiatives rolled out in South Sudan in 2022:



Continuous tracking of usage of the Bank's resources - paper, fuel, energy, and water.



Key digital channels rolled out in 2022:

The Bank continues to invest in its Internet and mobile applications in the market, with campaigns undertaken regularly to encourage customers to embrace these new ways of banking.

Strategic Partnerships in 2022:

South Sudan:
Supporting people with disabilities.

UNMISS in Malakal

KCB Bank South Sudan partnered with the United National Mission in South Sudan to open UNMISS Malakal early in the year. UNMISS in Malakal raises awareness of the rights and entitlements of persons with disabilities (PWDs).

Life in South Sudan, a country recovering from decades of armed conflicts, can be challenging for anyone. For people with disabilities, it does not get any easier, but becoming aware of the human rights that we all have is one way of making life less complicated and more inclusive for everyone.



The Human Rights Division of the UN Peacekeeping Mission's Field Office in Malakal recently helped 20 members of associations for people with disabilities know about their rights by conducting a two-day awareness-raising workshop.

The workshop focused on basic human rights principles and the special convention on the rights of persons with disabilities, including their political, social and economic participation in all spheres of life. It concluded with a demand for respect for these rights and for society to ensure the safety and well-being of everyone, as is enshrined in international law and South Sudan's constitution.

South Sudan Great Run





KCB Bank South Sudan sponsored the South Sudan Great Run to a tune of USD 50,000. The event helped enhance the Bank's brand positioning in the market.

World Food Programme

A partnership with WFP paved the way for other NGOs to re-establish their relationship with the Bank.

“ For people with disabilities, it does not get any easier, but becoming aware of the human rights that we all have is one way of making life less complicated and more inclusive for everyone.”

Sustainability initiatives rolled out in Tanzania in 2022:

 <p>Enhanced brand recognition in the market.</p>	 <p>Increased access to services through partnership with TCB.</p>	 <p>Rolled out bancassurance partnership with several insurance providers.</p>	 <p>Conducted Environmental and Social Due Diligence for projects worth KShs. 13.465bn.</p>
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Tanzania: Access to cooking oil.

Key digital channels rolled out in 2022:

The performance of these channels was impressive, with notable positive trends in the space of payments, especially card-related and online payments. There was also increased uptake of person-to-person and person-to-business digital transfers. This has increased the appetite to further invest in digital remittances while forming strategic digital payment partnerships to maximise opportunities in digital channels.

Strategic partnerships in 2022:

Supporting Manufacturing and Distribution

KCB Tanzania supported Gilitu Enterprises Ltd through funding, facilitating the launch of a new facility for edible/cooking oil production. With Tanzania facing an edible oil scarcity of over 50%, this facility closed this gap by providing a local supply of edible/cooking oil.



Gilitu Enterprises has a significant distribution network, further facilitating end-product distribution to the market. This comprises existing distribution channels, including those linked to Bakhresa goods within the Shinyanga Region. The Gilitu Enterprises distribution network also acts as an outlet for SANICO edible oil in Dar es Salaam, Tabora, Arusha, Mwanza, Tanga and Mbeya.

KCB & Tanzania Commercial Bank Partnership

This partnership aimed at allowing KCB customers to transact through the TCB branch network in regions where KCB does not have branches. This offered convenience in service delivery and flexibility, thus improving customer experience.

Bancassurance Launch

The Bank rolled out the bancassurance service by partnering with several insurance providers in Tanzania, such as Jubilee Insurance. This improved customer service delivery made KCB Bank a one-stop shop for all banking needs.

GIZ E4D Programme Regional Partnership with KCB Foundation






KCB Foundation and the German Development Cooperation (GIZ) joined forces to increase the employability and income generation of 960 Tanzanian youth in construction. This E4D project created self-employment and wealth among unskilled and semi-skilled youth in Tanzania, and helped local youth to realise their potential as entrepreneurs. The project is facilitating the youth with access to relevant technical and financial management skills as well as the tools, equipment and machinery needed to catalyse the growth of micro-enterprises into small or medium business enterprises.

This project, which was signed in October 2021 ran to May 2023. Its implementation started in 2022. By the end of implementation of activities, the project is expected to have achieved the following results:



“ This partnership aimed at allowing KCB customers to transact through the TCB branch network in regions where KCB does not have branches. ”

Sustainability initiatives rolled out in Uganda in 2022:

 <p>Limiting paper usage through the Electronic Document Management System.</p>	 <p>Facilitation of online account opening limiting paper usage.</p>	 <p>Refurbishment of all branches, replacing fluorescent tubes with LED lights.</p>	 <p>Tree planting in Mbale where 5,000 trees were planted.</p>	 <p>Monitoring of the Bank's resource consumption and carbon footprint.</p>
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Uganda:
Empowering the Construction Sector.

Key digital channels rolled out in 2022:

Customers are looking for new, faster and more convenient banking solutions; this is a testament to the fact that the digital revenue budget target was hit by the end of November 2022. Digital penetration grew to 84% in Q4 2022. This saw renewed levels of engagement with customers and increased levels of satisfaction through merchant banking channels.

Key drivers of this performance were the revamped KCBU mobile application and USSD offering, roll out of smart Point of Sale (POS) machines, the introduction of MTN float purchases at agency points, a KCB-Airtel Money Fixed super saver account, facilitation of an online account opening, introduction of Kaycee (an artificial intelligence chatbot) and roll out of smart ATMs (ATM recyclers that accept cash deposits).

Strategic Partnerships in 2022:

Trade Finance Products and Services

KCB Uganda announced a financing support Memorandum of Understanding (MOU) with the Uganda National Association of Building and Civil Engineering Contractors (UNABCEC). This agreement aims to provide financial assistance to the association's members. This development is a significant milestone in promoting financial inclusion, growth and expansion of the construction sector. This is further demonstrated through appropriately designed financial solutions, providing seamless access to credit for UNABCEC members.

The construction industry is capital-intensive and requires quick access and flexible terms for financing projects. Prohibitive terms and conditions by financial institutions are a huge barrier to the construction business and its efficiency, especially for large projects. This MOU aims to ensure UNABCEC members are catered for and remain competitive against multinational players with backing from their home countries.

KCBU-Airtel

The partnership led to the launch of the KCB-Airtel money fixed deposit super saver account, allowing even noncustomers to fixed savings with attractive interests on savings.

MTN and Airtel E-Commerce

A partnership was formed to launch MTN and Airtel Escrow accounts that enable liquidation and float purchase from KCB Uganda, offering improved client service for customers.





“Customers are looking for new, faster and more convenient banking solutions; this is a testament to the fact that the digital revenue budget target was hit by the end of November 2022.”

GIZ E4D Programme Regional Partnership with KCB Foundation

KCB Foundation and the German Development Cooperation (GIZ) are joining forces to increase the employability and income generation of 2,165 Ugandan youth in the construction sector. The project officially started in January 2022. The UGX 6 billion (EUR 1,572,419) partnership running from July 2021 until June 2023 will provide youth with technical and vocational skills training. The funds will also support the provision of construction toolkits to 440 youth, to enable them to start business enterprises in the construction sector. Additionally, 440 youths will benefit from toolkit financing by KCB Uganda to catalyse job creation.

This project is under the Employment and Skills for Development in Africa (E4D) programme commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), co-funded by the Norwegian Agency for Development Cooperation (Norad) and is implemented by GIZ, and KCB Bank Uganda's Twekozese Programme. Twekozese seeks to create self-employment and establish enterprises among unskilled and semi-skilled youth in Uganda. Twekozese, launched in 2016, focused on growing youth micro-businesses in the informal sector and bringing them to a place where they could employ at least five other young people with an aim of creating 250,000 jobs over five years.

After the implementation of these activities, the project is expected to have achieved the following results:

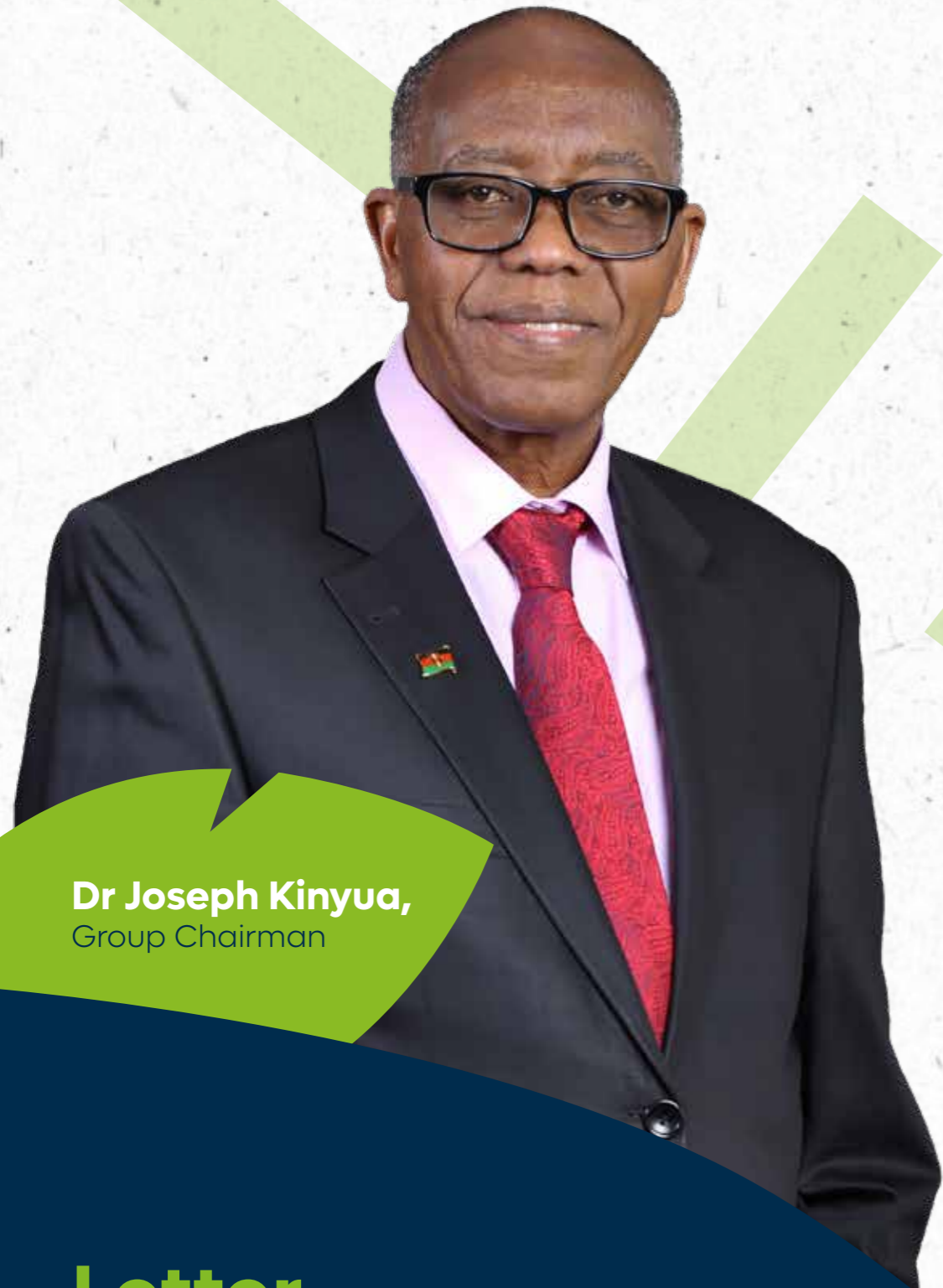
 <p>2,000 People gain sector-relevant certifications</p>	 <p>920 People, 30% women and 40% youth, placed in internships at construction sector companies</p>	 <p>880 People, 30% women and 40% youth, supported with business development services</p>	 <p>440 Youth provided with construction toolkits and access to financial services, including enterprise loans</p>
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“The construction industry is capital-intensive and requires quick access and flexible terms for financing projects.”





Our
Leadership



Dr Joseph Kinyua,
Group Chairman

Letter from the Chairman

“To deliver on our brand promise and strategic objectives, we will continue focusing on key areas that drive value and sustainability in the coming years.”

We are delighted to present our sustainability report for the year 2022 in which we showcase our commitment to building a sustainable future. I am proud to see that our business strategy continues to drive value and equip us with the necessary tools to navigate internal and external risks. We recognise that Environmental, Social, and Governance (ESG) risks are crucial considerations in today's landscape, and we have taken significant steps to address them.

Over the past year, we have updated our policies and procedures to align with the evolving regulatory landscape, market demands, and the expectations of our employees and customers. In line with the Central Bank's Guidelines, we have initiated the development of our Group's climate risk strategy. This necessitated the review of policies, processes, and roles, as well as setting of ambitious targets. By updating our ESG policy and management system, we are ensuring that climate risk management is at the core of our operations. Our well-defined strategy, combined with strategic partnerships, has already yielded positive results. We have successfully launched green products that resonate with the market. Our trained and knowledgeable staff has empowered customers to make informed decisions, reducing risks and enhancing resilience for a sustainable and viable future.

In line with our commitment to leadership and innovation, we have decided to take the lead in climate risk management. We are committed to achieving Net Zero emissions by 2050 and going beyond risk management to provide thought leadership in this area. From the development of innovative products and services to the implementation of sustainable processes, we are encouraging and supporting our customers to transition to a low-carbon economy.

Looking ahead to 2023, our focus will be on establishing a customer-centric culture that goes "Beyond Banking" and delivers solutions "For People. For Better." By putting the customer first, driving operational efficiency, and leveraging technology, we intend to enhance customer experiences, including protecting their data and ensuring system availability. Robotics

deployment across the Group has resulted in reduced turnaround times, increased operating efficiencies, and a boost in staff morale and innovation.

To scale our regional presence, we acquired Trust Merchant Bank (TMB), a leading commercial banking institution in the DR Congo, in 2022. In 2023, we will align processes within TMB to mirror our credit risk management approach. This strategic move strengthens our position and allows us to contribute to sustainable development in the region.

The KCB Foundation remains a key enabler of our strategy. Through strategic programmes aimed at empowering youth and fostering financial inclusion, we are building a social license to operate in our markets. Tailored initiatives targeting smart agricultural practices and market access further support our sustainability objectives. The collaboration between our retail and corporate banking divisions and the Foundation has led to the testing of new products in the market. Initiatives such as an e-mobile solution for boda boda riders and promotion of green building design, demonstrate our commitment to innovation and sustainable practices.

To deliver on our brand promise and strategic objectives, we will continue focusing on key areas that drive value and sustainability in the coming years. We recognise that technology plays a crucial role in enhancing customer experiences and operational efficiency. In 2023, we will invest in a new mobile banking app that will enable customers to conduct their banking transactions conveniently on their smartphones. The app will offer a variety of features, including account balance checking, money transfers, and bill payments. Additionally, we are expanding our online banking platform to provide customers with seamless and secure digital banking experiences.

Regional expansion is another important aspect of our growth strategy. We are targeting new markets in Africa, such as Ethiopia and South Sudan, while also seeking to strengthen our presence in existing markets like Uganda and Tanzania. Our regional expansion strategy aims to grow

our customer base and increase market share. By entering new markets and expanding our reach, we can contribute to economic development and provide access to financial services for underserved populations.

Sustainability remains at the forefront of our business agenda. We are committed to reducing our environmental impact and embracing sustainable practices across our operations. As part of our efforts, we have already implemented solar power solutions at our branches, reducing our reliance on non-renewable energy sources. Going forward, we will continue investing in green initiatives and improving our shared value initiatives to make a positive difference in the communities we serve.

In 2022, we achieved significant milestones, including meeting the Central Bank's climate disclosure requirements and aligning our mission and vision with the United Nations' Sustainable Development Goals (SDGs) and Kenya's development ambitions. These accomplishments demonstrate our commitment to addressing global challenges and contributing to a more sustainable future.

Looking ahead, we will continue to be a catalyst for job creation and economic growth, leveraging on strategic partnerships, expanding our presence in other regions and diversifying our product offerings. By forging alliances with like-minded organisations, we can amplify our impact and drive positive change. In conclusion, I would like to express my gratitude to our dedicated Board, management, employees, customers, partners, and stakeholders for their unwavering support and collaboration. Together, we have made significant strides in our sustainability journey, but we recognise that there is still much work to be done. I am proud of what we have achieved, and I am excited about the possibilities that lie ahead. Let us continue to embrace sustainability as a strategic imperative and work together to create a better future for generations to come. Thank you for your continued trust and commitment.

Dr Joseph Kinyua, Group Chairman



Paul Russo,
KCB Group CEO

Letter from the Group Chief Executive Officer

Our Adopted SDGs



KCB Group demonstrated an unwavering commitment to the 2020-2023 “Beyond Banking” strategy, which focussed on delivering the best customer experience and embracing digital technologies in banking. In 2022, we reviewed our purpose to For People. For Better. We also reviewed our values to Closer, Connected and Courageous. This enables us to prioritise and address customer needs more effectively.

Our sustainability commitments strengthen this strategy, allowing us to step change into being thought leaders in climate resilience by embracing initiatives such as responsible and green lending. The Group is 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 considering positive Environmental, Social, and Governance impacts.

Our contributions to 12 of the 17 Sustainable Development Goals reflect our impact on society in achieving these objectives. This contribution is enhanced through a tailored product offering, which addresses the specific needs of corporates, women, small business owners, and other sectors from a climate risk perspective. We recognise the importance of these sectors in driving the economy, particularly agriculture.

In 2022, the green loans extended by KCB Group increased to 12.32% of the total loan book, against a target of 25% by 2025. This objective is realised through focussing on financing projects in the e-mobility, green buildings, and circular economy space.

In 2022, we lowered our threshold to ensure projects above KShs. 50 million undergo robust due diligence, and environmental and social risk management controls are implemented. This has brought renewed focus on upskilling our customers on how to become more sustainable. This endeavour aims to build resilience across our customer base and provide opportunities for

them to access new sustainable pools of capital, if they meet set minimum requirements.

We remain committed to build communities that bank with us through the programmes in KCB Foundation. In 2022, we scaled up 2jajiri through a regional agreement in partnership with the German Development Corporate (GIZ) under the E4D programme that saw three countries, Kenya, Uganda and Tanzania, enrol 3,500, 2,100 and 960 youth, respectively, for skilling in building and construction as a pathway to increase their employability. We scaled the education programme to cover university scholarship and the apprenticeship programme that aims to introduce the youth to work through internship.

We are focused on building our sustainable operations. This is driven by our commitment to improving efficiency, enhancing processes, and becoming Net Zero by 2050. With the Bank’s return-to-work policy for staff, there has been an increase in our environmental footprint from an energy and carbon perspective. However, initiatives were implemented to offset our carbon footprint, such as tree planting and growing initiatives that saw KCB Bank plant 10,781 trees in the first two months of the exercise. In the next five years, we will focus on planting and growing into maturity up to 1.5 million trees to support the government’s tree-planting agenda. Partnering with the local communities in this agenda has made this partnership sustainable and extremely effective and will ensure a high survival rate of the planted trees.

In 2022, there was an additional focus on fostering the development of a sustainable supply chain. A sustainable supply chain will help manage risks, build brand reputation, and conserve the welfare of society and the environment. This was achieved by rolling out a supply chain and shared services sustainability strategy, with its initial flagship project being the Supply Chain Code of Conduct. This strategy is aligned with the

“Our strategy is underpinned by 4 thrusts:

- Customer first with leading value propositions.
- Step change in efficiency and productivity.
- Digital leader and digital to the core.
- Scale to achieve regional relevance.

Group’s Social and Environmental Management System Policy, which articulates how KCB Group integrates environmental, social, and governance considerations into its decision-making, operations and investment activities to effectively manage social and environmental risks and impacts and improve outcomes. In the first year of rolling out the suppliers’ code of conduct, up to 53% of our suppliers signed up and paid allegiance to the conduct.

Putting the customer first and driving ongoing operational efficiency and productivity will require leveraging technology. This will ensure continued protection of our customer data and enhanced system availability and functionality levels, driving optimal levels of customer experience. We have deployed robotics across the group to facilitate these outcomes. Eleven robots are currently deployed, which has reduced turnaround times on customer-to-business reversals, elevated operating efficiencies, and improved staff morale and ability to innovate within the business.

Finally, in 2022, the Group showcased its commitment to advancing Africa’s sustainable growth, prosperity and development by signing up to the African Business Leaders Coalition. The coalition, a partnership with the UN Global Compact, will further enable the Group to advance its climate action activities to ensure sustainable growth.

Paul Russo, KCB Group CEO



Approach to
ESG at KCB

Our ESG Approach

As a leading financial institution, we recognise and embrace our responsibility for the development and growth of our economy. The development of sustainable cities and resilient communities underpins our business growth. The Group, having operated for more than a century, understands the importance of running an impactful, purpose-led business that focuses on profit and factors in the communities we transform, the businesses we grow, the lives we change and the impact we make on the environment.

Key ESG Focus Areas for the Group:

ENVIRONMENTAL

- Environment and Social Due Diligence
- Green lending
- Resource consumption
- Carbon footprint
- Tree growing and planting initiative



SOCIAL

- Responsible procurement
- Financial inclusion and
- Economic growth products
- Foundation activities
- Human resources activities
- Enhanced customer satisfaction

GOVERNANCE

- Board composition and executive pay
- Risk management and transparency
- Labour practices
- Capacity-building

Key Performance Indicators (KPIs) used to track performance in these areas:

ENVIRONMENTAL		SOCIAL		GOVERNANCE	
Indicator	KPI	Indicator	KPIs	Indicator	KPIs
ESDD	Increase the value and threshold of loans through environmental and social due diligence.	Responsible procurement	Increase the number of suppliers signed up to the supplier code of conduct. Increase onboarding of special interest groups in the supply chain.	Board composition and execution pay	Remain balanced and commensurate.
Green lending	Increase green loans on-boarded by the Bank.	Financial inclusion and economic development	Tailored products for SMEs, MSMEs, vulnerable groups, the underbanked, women and persons with disabilities. Targeted growth towards local supply chain.	Risk management and transparency	Enhanced levels of decision-making, accountability and credibility.
Resource consumption reduction	Reduce resource consumption across the Group.	Foundation activities	Tailored programmes championing education, healthcare, community initiatives, agriculture, enterprise development and youth.	Labour practices	Improvement in eNPS. Reduction in occupational health incidents. Maintain attrition rates below the industry benchmark. Undertaken salary benchmarking. Implementation of fairtrade practices. Zero tolerance for corruption and unethical behaviour.
Carbon footprint reduction	Monitor and reduce carbon footprint across the Group.	HR-related activities	Provision of employee benefits. Promote workplace safety. Provide ongoing training. Tailored corporate culture. Gender parity.	Capacity-building	Training spend. Average training hours per employee.
Tree planting and growing	1.5 Million by 2027	Enhanced customer satisfaction	Track improvement in CES, NPS and brand reputation.		

“ We also refreshed our purpose, values and behaviours in 2022 to drive consistent customer obsession, productive culture and on-point execution. ”

To complement our sustainability KPIs, we are committed to contributing to the SDGs. In 2022, we expanded our priority focus to 12 SDGs, up from the previous nine that were directly related to our business strategy in the previous year. The adoption of these SDGs represents our greatest opportunity to build a better and more sustainable future for current and future generations. To this end, the Group's contribution towards the SDGs is guided by the internal output indicators designed to enhance our economic, environmental, social, and governance performance. This is illustrated from page 94 - 103 of this report.

We also refreshed our purpose, values and behaviours in 2022 to drive consistent customer obsession, productive culture and on-point execution. Our sustainability strategy has been internalised to align it with sustainable finance objectives and its commercial strategy.

Regulators, investors, and customers have shown a significant interest in sustainability, prompting the publication of guidelines in Kenya and Tanzania. The Nairobi Securities Exchange (NSE) has issued ESG guidelines focusing on Environmental, Social, and Governance aspects. The Central Bank of Kenya (CBK) and Bank of Tanzania (BOT) have issued Climate-related Risk Guidelines. These provide a framework for organisations to integrate sustainability practices and manage associated risks.

This development sets the stage for the financial sector to progressively adopt mainstream sustainability and non-financial disclosures, not for compliance, but as a business imperative. This holistic approach will allow everyone to play their part in being cognisant of social and environmental considerations within their business context, facilitating informed decision-making.



In 2022, KCB Group achieved several noteworthy milestones in the sustainability arena. Some of the highlights include:



Our Commitments

- 

SUSTAINABLE DEVELOPMENT GOALS
Adopted 12 of the 17 SDGs with set KPIs under each being tracked to enhance performance.
- 

CLIMATE RISK MANAGEMENT
Ensuring adherence to the Central Bank of Kenya guidelines on climate risk resulted in a realignment of governance structures and charters, updating policies, roles and responsibilities and the ERM framework.
- 

LEADING THE INDUSTRY TOWARDS NET ZERO
Contributing to the achievement of the UN 2030 Agenda, we have committed to support customers on their transition to Net Zero by 2050 and the ERM framework. An Environmental and Social Due Diligence process was also introduced.
- 

RESPONSIBLE CONSUMPTION AND CARBON FOOTPRINT
We are committed to achieving Net Zero by 2050 to be achieved through a focus on implementation of resource-efficient measures across our operations.
- 

GREEN PORTFOLIO
Increasing of the KCB Group green loans to 12.32% of the total loan book and conducting first portfolio review exercise, to identify green projects that account for 16% of the current portfolio in BPR Plc.
- 

LOWERING THE THRESHOLD
Reducing our threshold to KShs. 50 million for projects that undergo Environmental and Social Due Diligence.
- 

TREE PLANTING
Introducing tree planting and growing exercise across the Bank network to ensure 1.2 million trees are planted and grown to maturity. Planted 10,781 trees in 2022.
- 

SUSTAINABLE SUPPLY CHAIN
Ensuring suppliers are signing and adhering to the Code of Conduct. 53% of suppliers have signed up to the Code of Conduct.

Sustainable Development Goals (SDGs)

KCB Group's operations are informed by the SDGs developed at the United Nations Conference on Sustainable Development, outlining universal goals. The Group is intentional with its operations and activities to combat urgent environmental, political and economic challenges facing our markets. For the Group, the SDGs are our blueprint for a sustainable future that ensures no one is left behind.

This has been achieved by the Group adopting 12 of the 17 SDGs and setting KPIs under each. To ensure we track the impact and identify areas of improvement, we established a data collection tool, which monitors the protection of staff welfare, society and the environment. The tool helps collect data to establish if our targets have been met, produce progress reports, and identify gaps and key areas of improvement. This system has enabled us to remain accountable for every SDG we have adopted.

In 2022, KCB Group signed up with African Business Leaders (ABLC) to bolster actions in addressing the climate change crisis to accelerate our efforts towards sustainable development. The coalition, convened under the UN Global Compact, brings together companies across Africa to help drive more initiatives on addressing pressing sustainability issues such as human rights, labour, environment and anti-corruption on the continent.



- Focus on affordable housing through competitive, affordable housing mortgage proposition targeting lower-middle and middle-income earners.
- Tailormade propositions for small businesses and women-owned enterprises.
- Driving financial inclusion and literacy through innovative digital solutions.
- Support for schools through LPG gas solutions, infrastructure financing and digital learning lessons.



Climate Risk Management

Aligned with the Climate-related Risk Management Guidelines published in Kenya and Tanzania, the Group has taken significant measures to ensure compliance with these guidelines established in 2021 and 2022, respectively. As a key economic contributor, embracing climate risk management sends a strong signal to the financial sector and other industries. As part of this initiative, we have implemented various actions to incorporate Climate-Related Financial Risk Management procedures.

In addition to the Central Bank’s guidelines in several subsidiaries, we adhere to other relevant policies and frameworks that promote sustainable practices and address climate-related risks. These include guidelines from international organisations such as the United Nations Environment Programme (UNEP), the Task Force on Climate-related Financial Disclosures (TCFD), and other regional or national bodies prioritising climate risk management and sustainability.

By adhering to these guidelines, we demonstrate our commitment to addressing climate risks and contributing to the sustainable development of our economies. Through proactive measures, risk assessments, and integrating climate considerations into our decision-making processes, we aim to mitigate the potential impacts of climate change and foster a resilient and sustainable financial sector.

In 2022, we:

- Updated the Group Board Audit and Risk Committee charters and KCB Kenya Board Risk Committee to include a Board mandate to include ESG considerations when assessing business risk.
- Revised key policies to enhance the management of climate-related risks and defined the roles and responsibilities of respective business units in managing climate risk issues. Revised policies included:
 - KCB Kenya Credit Policy.
 - KCB Group Social Environmental Management System Policy.
 - KCB Group Sustainability Policy.
 - KCB Group and Kenya Risk Appetite Policies.
 - NBK Enterprise Risk Management Framework.
 - NBK Social Environmental Management System Policy.
 - NBK Sustainability Policy.
- Revised the Group Enterprise Risk Management (ERM) Framework in August 2022 to incorporate climate-related risk as a principal risk.
- The Environmental and Social Due Diligence tool was enhanced to include additional climate-related aspects.



The Group continues to embed ESG principles across the organisation, including incorporating climate change-related risks within the risk framework, training our workforce, incorporating climate-related targets within executive scorecards, and engaging with customers and suppliers.

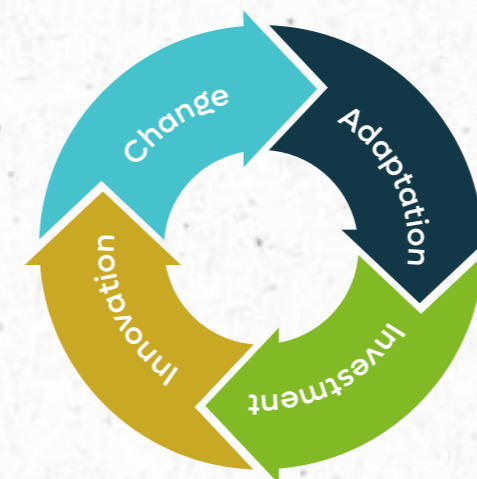
“In addition to the Central Bank’s guidelines, in several subsidiaries we adhere to other relevant policies and frameworks that promote sustainable practices and address climate-related risks.”



Leading the Industry Towards Net Zero

The transition to a low-carbon and circular economy is good for the world. It contributes to achieving the United Nations’ ambitions as part of the climate action coalition to keep global warming to no more than 1.5°C as called for in the Paris Agreement. Alignment to this agenda can benefit organisations taking advantage of the transition.

For the Group to fully leverage these opportunities, we focused on the following:



The Group has made significant and aggressive advancements to ensure our actions align with our climate goals. The future opportunities are defined by actions taken now towards promoting a low-carbon transition. As such, the Group has outlined various activities in line with our Net Zero commitment, which has so far brought about a positive impact within the environment and society we operate.

Our Net Zero ambition represents the Bank’s main strategic pillar, and at its core is our ambition to support our customers in their transition to Net Zero. In so doing, we reduce the greenhouse gas emissions from our client portfolio, ensuring we reach Net Zero by 2050. On the other hand, we also aim to be Net Zero in our operations and across our supply chain by 2050 or sooner.



- Leading the transition to a low-carbon future through impactful partnerships.
- Developed concept notes in transport infrastructure and agriculture sectors for consideration for GCF funding.
- Partnered to drive adoption of e-mobility among public transport operators and riders.
- Partnered with schools and local communities to support afforestation



Resource Consumption Efficiency and Carbon Footprint

Efficiency in resource consumption promotes sustained economic growth by maximising money supply, materials, and staff, to function effectively with minimum wasted resources. At KCB, resource efficiency and our carbon footprint are two areas that we keep an eye on and have taken deliberate steps to ensure maximised efficiency and minimal wastage.

We have committed to being Net Zero by 2050 and are devoted to constantly monitoring internal resource consumption to ensure our carbon footprint is on a 5% reduction trajectory. We aim to reduce our aggregate resource consumption on water, fuel, paper and electricity by 5% in 2023. Through awareness-raising and implementing measures such as sensor taps, water consumption has reduced yearly despite more people operating out of our facilities.



Green Portfolio

At KCB, we are focused on increasing our financed portfolio towards sustainable development priorities. This way, we can ensure financing is deployed to projects committed to improving society and the environment while reducing greenhouse gas emissions. This will enable us to achieve our ultimate goal to deliver on our Net Zero commitment.

With the effects of climate change, such as frequent and intense droughts, storms, heat waves, rising sea levels, melting glaciers and warming oceans being experienced globally, there is a greater need to take action against climate change by putting in place mechanisms

that will enable the Bank's customers to transition into the green economy.

Our ambitious target is to have our green lending portfolio at 25% by 2025. To achieve this, we engaged in the revision of several of our key policies in 2022. These policies include the KCB Kenya Credit Policy, KCB Group Social Environmental Management System Policy, KCB Group Sustainability Policy and KCB Group and Kenya Risk Appetite Policies. The Enterprise Risk Management Framework was also updated to facilitate adequate management of risk associated with the roll out of our green lending portfolio. The Bank has deliberately taken a lead role in helping accelerate the amount of green lending available in the market and in



scaling green financing initiatives into the regions in which it operates.

In 2022, the green loans extended by KCB Group increased to 12.32% of the total loan book, compared to 8.4% in the previous period. This growth in green loans aligns with the Group's target of reaching 12.4% for the year. In a significant achievement, BPR Plc conducted its first portfolio review exercise, identifying green projects that account for 16% of the current portfolio. These achievements speak to the Bank's ability to help customers look beyond the immediate horizon towards opportunities they can leverage to grow their businesses by utilising funding to invest in the green economy.

These clear objectives have also been bolstered through partnerships that we have fostered through the years. Being an accredited member of the Green Climate Fund (GCF), the Bank has developed concept notes in various sectors such as transport, infrastructure and climate-smart technologies in agriculture. All these concept notes aim

to increase access to GCF funding and address climate concerns in the region.

In 2022, KCB Bank Kenya tapped into a USD 150 million line of credit from the International Finance Corporation (IFC) to grow the Bank's climate finance portfolio, with a specific focus on funding the development of energy-efficient projects, renewable energy, climate-smart projects, and green buildings.

KCB Bank Kenya and e-mobility start-up BasiGo Ltd also partnered to offer the Bank's customers access to flexible financing options to purchase electric vehicles. The transport sector is one of the most significant contributors to carbon emissions in Kenya, and this partnership will help customers reduce their greenhouse emissions and enhance their ability to respond to climate change through adaptation and mitigation measures. In addition, customers will have access to embedded tracking and fleet management gadgets already installed in electric buses while offering insurance.



12.32%

In 2022, the green loans extended by KCB Group increased to 12.32% of the total loan book, compared to 8.4% in the previous period.

Promoting green finance

Case Study

Embracing the Circular Economy: Imana Steel in Rwanda



Imana Steel's circular economy strategy is also good for the economy as it has created jobs (100 people currently employed), boosted the local and regional economies, and brought in foreign currency.

Imana Steel, a steel manufacturing company in Rwanda, is taking a unique approach to its operations. The company has adopted a circular economy model, where it is reusing and recycling waste metal to manufacture its end products, which are steel bars. This is important because it helps to reduce the environmental impact of steel production. Unlike traditional steel producers, Imana Steel does not use virgin materials in its production process, instead, the company uses scrap metal, which helps to reduce the environmental impact of its operations.

Imana Steel employs an ingenious strategy to minimise its environmental impact and costs by using scrap metal. The company collects scrap metal from various sources, including businesses and individuals, then they melt it down and transform it into new steel bars.

By doing so, the company reduces the need to buy large quantities of virgin iron ore, which cuts on cost. This circular practice not only benefits the company

economically but also contributes to a more sustainable and eco-friendly steel production process. It also helps to reduce the amount of scrap metal that ends up in landfills, which can pollute the environment and harm wildlife. This has been made possible through the partnership with BPR Bank as a financier of the facility.

KCB has provided financial support to Imana Steel to help them expand their operations and enhance their waste management infrastructure. The partnership highlights the shared vision of promoting sustainable practices and circular business models. It is a great example of how businesses and financial institutions can work together to promote sustainable development.

Imana Steel's circular economy strategy is also good for the economy as it has created jobs (100 people currently employed), boosted the local and regional economies, and brought in foreign currency.



KCB's Liquefied Petroleum Gas (LPG) Financing Initiatives

KCB's commitment to protecting and managing the ecosystem is exemplified through its initiative to provide subsidised LPG financing to schools that are customers of the Bank. By doing so, the Bank ensures that these institutions, which heavily rely on firewood for cooking, can transition to cleaner energy sources.

Through a collaborative effort between KCB Bank and KCB Foundation, the LPG initiative allocated funds to support loan

subsidies for educational institutions interested in adopting LPG for their cooking needs. This transition not only reduces emissions and air pollution but also contributes to the promotion of better health among users.

KCB remains dedicated to actively pursuing various initiatives and partnering with like-minded organisations to promote environmental sustainability within its operations.



Empowering Sustainability through KCB's LPG Financing programme

Last year, Mr David Muange, the principal of Katwanyaa High School in Machakos County, experienced a transformative encounter at the KCB branch at Tala near Kangundo. As the leader of a mixed school with 975 students, Mr Muange always strived to manage the institution efficiently. Recognising the long-standing relationship between the school and KCB, he shared a concern with his relationship manager regarding the escalating expenditure on firewood, which had reached KShs. 700,000 per term.

Intrigued by the possibilities, Mr Muange eagerly explored the LPG financing programme offered by KCB. Eventually, the school became a beneficiary of the programme, receiving KShs. 1.2 million from the Bank in September 2022, which

enabled them to acquire a 1,000-kilogram LPG gas cylinder. This transition to LPG has profoundly impacted the school's operations.

Mr Muange highlights the advantages of using LPG for cooking, emphasising its speed, hygiene, and cost-effectiveness. With LPG, their expenses were reduced to approximately KShs. 420,000 per term, representing a significant 40% cost savings. Moreover, the absence of smoke during cooking has made the process easier for the cooks, resulting in better student meals.

The principal also notes that the switch to LPG has enabled the school to streamline its workforce in the kitchen. With the reduced workload, they could decrease the number of cooks from

“Intrigued by the possibilities, Mr Muange eagerly explored the LPG financing programme offered by KCB.”

six to four. Additionally, using LPG has allowed the school to repurpose the space previously utilised for storing firewood, contributing to more efficient use of their limited land.

Importantly, Mr Muange highlights the environmental benefits of embracing LPG. By shifting away from firewood, the school has contributed to conserving trees in the surrounding area. This positive step toward sustainability aligns with the broader goal of mitigating climate change, which Mr Muange believes can be achieved if more schools adopt LPG as an alternative to firewood.

Encouraged by the success of the LPG project, Mr Muange expresses openness

to further collaboration with KCB, particularly for future initiatives such as the construction of a kitchen and dining hall. Mr Patrick Nzioka, a cook at the school, echoes the principal's sentiments, highlighting the transformative impact of LPG on their work and overall quality of life.

This inspiring story showcases the positive impact sustainable initiatives, such as adopting LPG, can have on educational institutions. Through its partnership with KCB, Katwanyaa High School has not only reduced costs and improved efficiency but also contributed to environmental conservation and enhanced the well-being of its staff and students.



270.43 billion
The total value of facilities assessed for their environmental and social impact in 2022 increased to KShs. 270.43 billion from KShs. 244.8 billion in 2021.

Increased Due Diligence

As a responsible lender, the Bank's financial decisions are guided by an ESDD exercise conducted on projects before financing. This exercise is undertaken for proposed and ongoing projects to ensure financing initiatives don't pose any risk to the Group, the environment or society. This process is guided by adopting the IFC performance standards, exclusion list and internal policies.

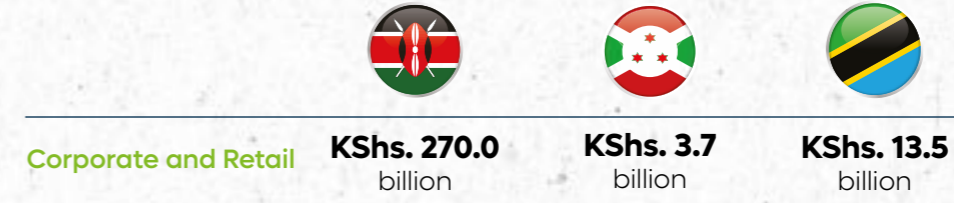
In the reporting period, the Bank's threshold for projects undergoing ESDD increased to cover all projects from KShs. 50 million disbursed to MSMEs and

Corporates. The total value of facilities assessed for their environmental and social impact in 2022 increased to KShs. 270.43 billion from KShs. 244.8 billion in 2021. We conducted qualitative physical visits to establish our clients' environmental and social (E&S) risk profiles during the same period. This allowed the Bank to raise awareness of E&S risks with clients.

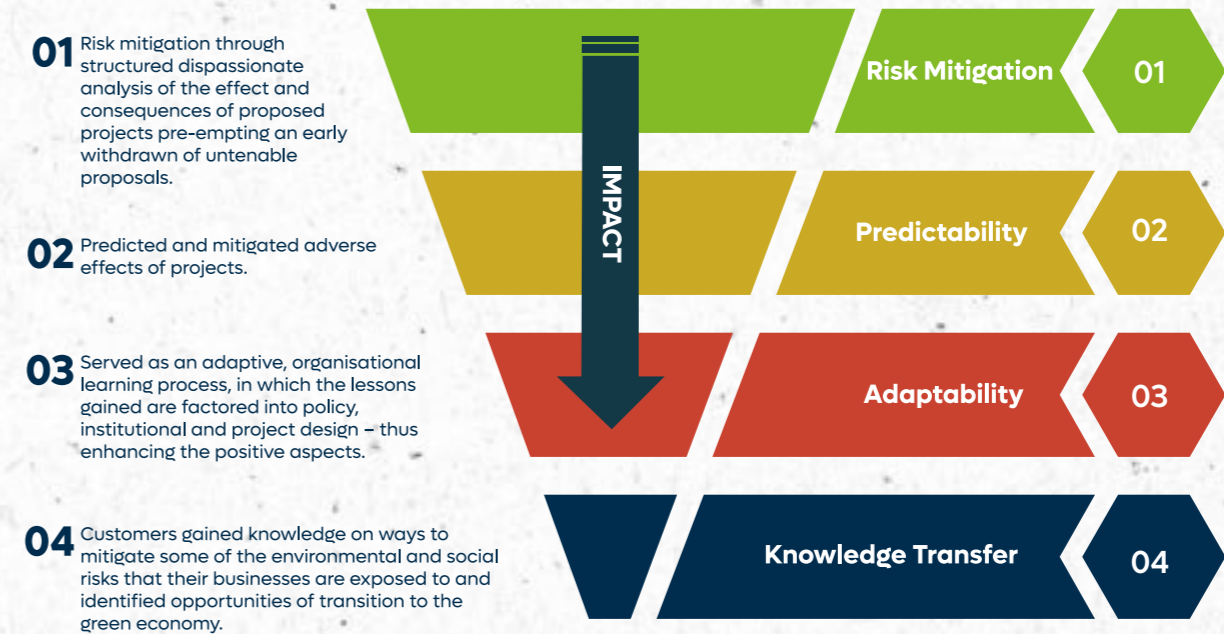
Going forward, in 2023, the Bank's qualitative E&S risk assessment process will be strengthened by further improving the ESDD process and screening loans worth more than KShs. 255 billion using these tools.



Subsidiaries ESDD Performance



Impact realised through Increased Due Diligence



1 Risk mitigation
through structured dispassionate analysis of the effects and consequences of proposed projects pre-empting an early withdrawal of untenable proposals.

2 Predictability
Predicted and mitigated adverse effects of projects.

3 Adaptability
Served as an adaptive, organisational learning process in which the lessons gained are factored into policy, institutional and project design - enhancing the positive aspects.

4 Knowledge Transfer
Customers gained knowledge on ways to mitigate some of the environmental and social risks that their businesses are exposed to and identified opportunities of transition to the green economy.



Tree Planting and Growing Initiative

During the reporting period, the Bank identified opportunities to negate its carbon emissions through a tree planting and growing initiative. This initiative is aligned with the Government of Kenya's agenda to ensure that 15 billion trees are planted and seen to maturity by 2032 to cover 10.6 million hectares of land throughout the country. Trees play a pivotal role in addressing the effects of climate change as they have an unparalleled capacity to absorb, store carbon and regulate climate. Through this initiative, the Bank will contribute to the national target of reducing the country's carbon emissions by 32% by 2030, according to a commitment made by the Government of Kenya in its National Determined Contribution (NDC).

The first tree planting and growing initiative was undertaken with the World Rally Championship (WRC). The partnership offered another opportunity for KCB Bank Kenya to reduce its carbon footprint. During rallies, the main attraction is the automobiles which emit greenhouse gases as a by-product of the event. Therefore, apart from the Bank contributing KShs. 100 million in sponsorship for this rally, it further partnered with the WRC organisers in the Greening Legacy Project to plant

and grow 700,000 trees by the end of 2022. This was aimed at offsetting the emissions linked to this event.

To fulfil this mission, the Bank and WRC partnered with several Kenyan counties collaborating with local communities. The partnership with local communities ensured the tree-growing exercise was sustainable and effective, with a 90% survival rate of the planted trees being achieved after the first year.

We believe that taking the initiative to collaborate and plant trees around the rally grounds and in other parts of the country cements the Bank's dedication to attaining SDG 13 – Climate Action and SDG17 – Partnership for the Goals and, in the long run, the achievement of our own Net Zero commitment.

The Group is further leveraging its branch networks. In line with KCB Group's Sustainability agenda of supporting initiatives fighting against climate change as per SDG 13, the Bank committed KShs. 65 million to support the tree-growing efforts across our branch networks while working with schools as anchor beneficiaries from 2022 to 2028. This speaks to climate action and assists the Bank in offsetting its operational Greenhouse Gas (GHG) emissions.



Sustainable Supply Chain

A sustainable supply chain fosters an environment where enterprises can seamlessly incorporate sustainable practices and policies across various levels. Our objective is to establish a procurement system that catalyses sustainable supply chain management, engagement, and transformation. By implementing a sustainable supply chain, we can effectively mitigate risks, enhance brand reputation, and safeguard societies and the environment's well-being.

In 2022, the Bank introduced a comprehensive sustainability strategy for our supply chain and shared services, with the flagship initiative being the

Supply Chain Code of Conduct. This strategy approach aligns with the Group's Environmental, Social, and Governance (ESG) framework.

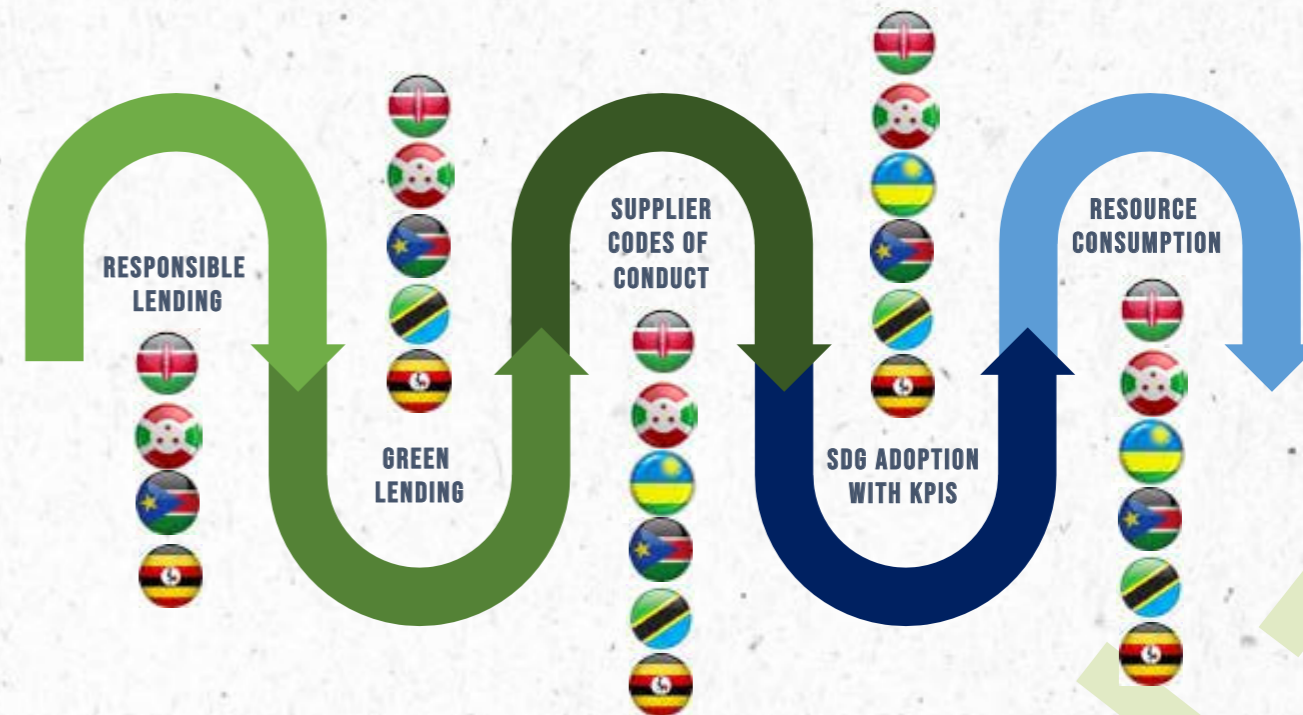
By the end of 2022, we achieved a significant milestone by enlisting 53% of our suppliers to adhere to the Code of Conduct. By upholding this Code, we support our suppliers in expanding their businesses, strengthening their supply chains, and demonstrating our commitment to being responsible corporate citizens. Moreover, it showcases our leadership in driving the transition towards a Net Zero future, benefiting the communities we serve and the wider society.

Support Provided to Regional Subsidiaries

To integrate ESG practices throughout the Group, the Bank conducted engagements with business teams in the subsidiaries to have sustainability initiatives implemented uniformly across the Group. There were capacity-building

sessions on ESG, focusing on climate risk management and environmental and social due diligence impact assessment (ESIA) for potential and ongoing projects and green projects.

The below initiatives were rolled out in various subsidiaries:



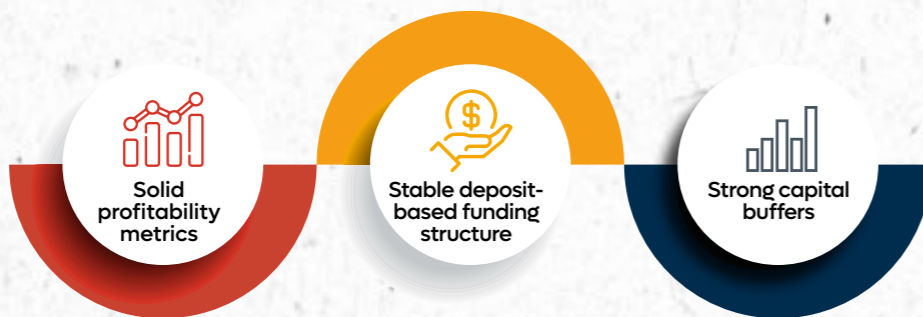
2022 Awards and Recognition

Credit Rating

KCB maintained their credit rating at B2.

MOODY's Investors Services			
	2020	2021	2022
Rating	B2	B2	B2
Outlook	Negative	Negative	Negative

Credit rating affirmed KCB's:



Awards

KCB has been acknowledged in the market through the following awards:

- Best Bank in Kenya by Euromoney Awards for Excellence 2022
- Best Sustainable Bank by The International Business Magazine
- Best Retail Bank, Best SME Bank and Best Investment Bank in Kenya by Global Finance Magazine
- Most Valuable Banking Brand in Kenya by Brand Finance
- Best Bank in Sustainable Finance in Kenya by Global Finance: Sustainable Finance Awards and by SFI Catalyst Awards
- Best Green Bank and Best Banking Group in Kenya by World Economics Magazine
- Best CSR Bank and Best Investment Bank in East Africa by Global Business Magazine
- NBK Awarded Most Sustainable Financial Services Company in Kenya by Finance Derivative Magazine
- NBK Awarded Best in Customer Satisfaction and Happiness and Best Bank for Sustainable Development in Kenya by Global Banking and Finance Awards
- KCB Bancassurance awarded best intermediary in customer centricity, technology application, life and non-life products by Think Business Insurance Awards



Recognition

KCB Group CEO Paul Russo was appointed to serve on the United Nations Environment Programme Finance (UNEP-FI) Leadership Council, joining other global leaders in mainstreaming and integrating sustainability across the industry.



In October 2022, KCB Group Plc signed up with the African Business Leaders Coalition (ABLC), to bolster actions in addressing the climate change crisis.

Key priorities and outlook for 2023

Our key priorities for 2023 focus on climate risk management:





Governance
and Integrity

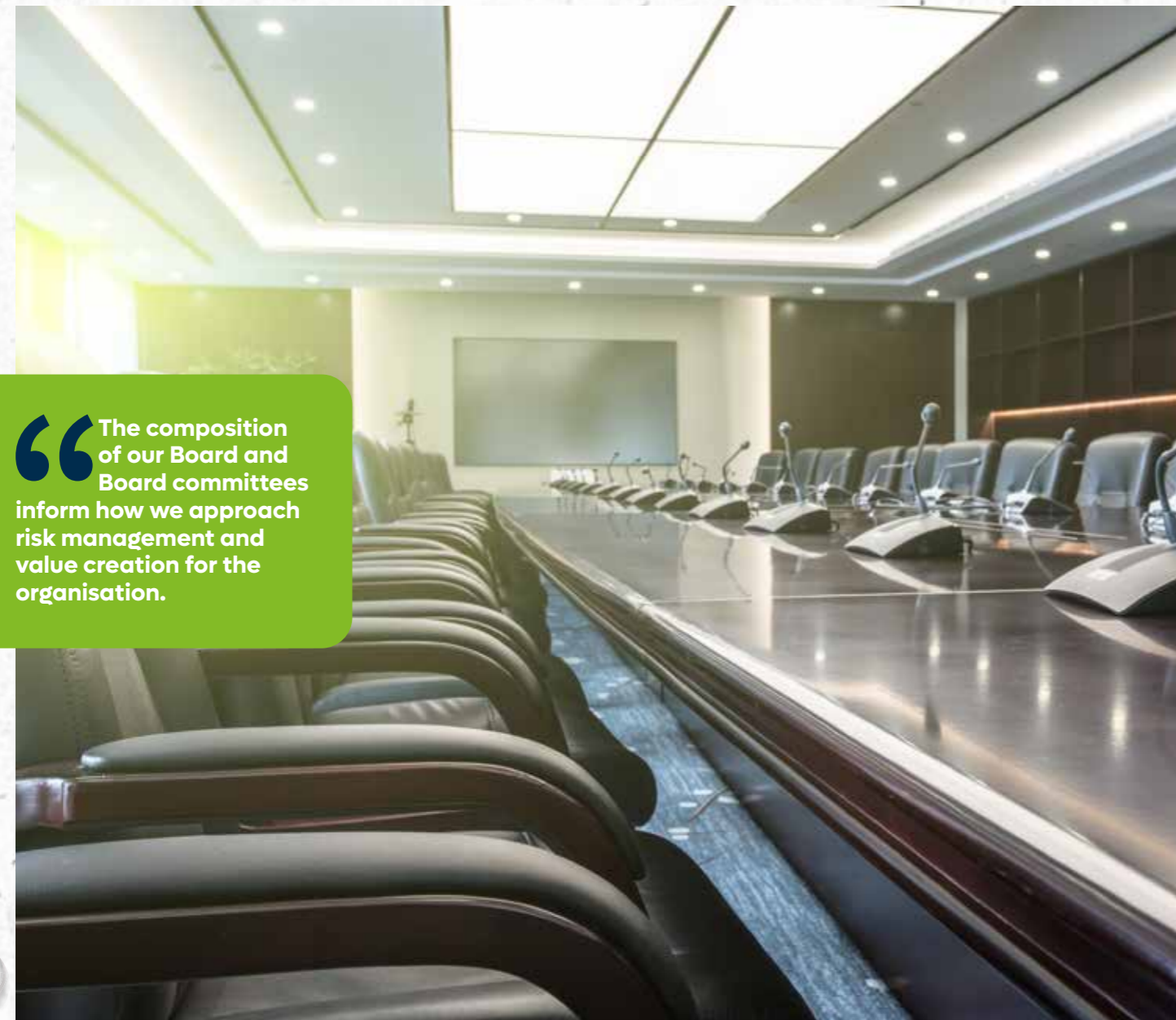
Governance and Integrity

The approach to the market informs our governance structure. The composition of our Board and Board committees inform how we approach risk management and value creation for the organisation.

Many of the required GRI disclosures under the governance section of this report can be found in our Integrated Annual Report. Information linked to the

direct oversight and management of Environmental, Social, and Governance (ESG) risks in 2022 are discussed here.

Additional details on the Board nomination process, Board training and development, Board evaluation, conflict of interest management, and remuneration policy can be found in our 2022 Integrated Annual Report on pages 69, 71, 72, 74 and 78, respectively.



“The composition of our Board and Board committees inform how we approach risk management and value creation for the organisation.”



The Role of the Board

The KCB Group Board considers good governance, achieved through an ethical culture, competitive performance, effective control, and legitimacy, to create sustainable value and enhance long-term financial performance. The Board applies good governance practises to promote strategic decision-making within the organisation to balance short, medium, and long-term outcomes.

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

The Board is committed to ensuring that the Company complies with the laws, regulations, and standards applicable to it. The Board ensures that high standards and practices in Corporate Governance and, more specifically, the principles, 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 CBK - 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 the strategy and long-term objectives of the Group;



the Group's capital financial planning and financial budgets; significant contracts, and various statutory and regulatory approvals. The Board also reserves matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite. 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 responsibilities. Overlapping memberships consider instances where matters raised in one committee may have implications for

“The Board also reserves matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite.”

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 a 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 have at least three members, Independent Directors and an Independent Chairman. The Audit & Risk Committee consists of Independent Non-Executive Directors in line with the provisions of the Prudential Guidelines issued by the CBK.

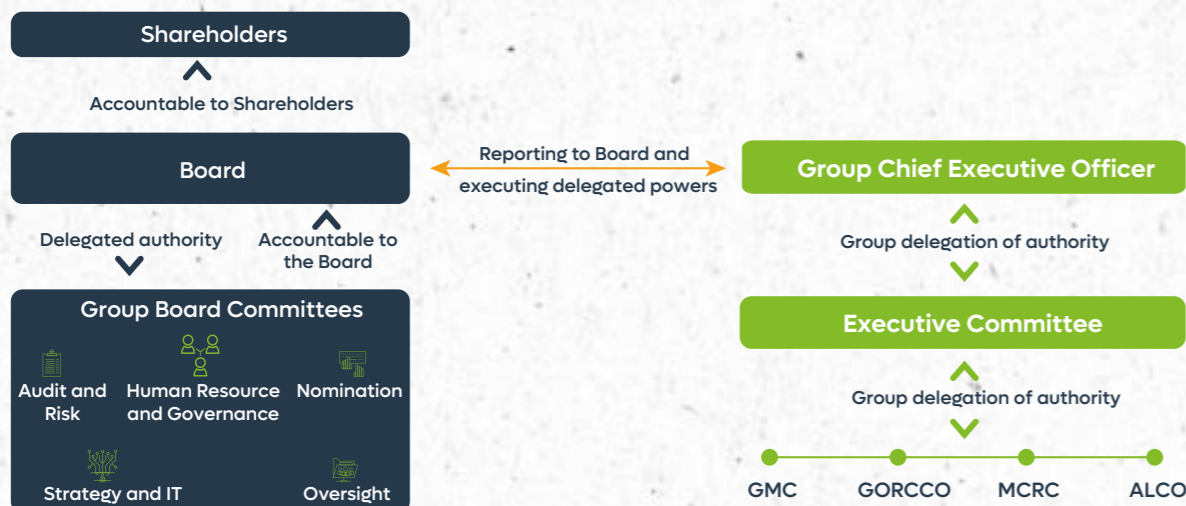
The committees include the Audit & Risk, Human Resources & Governance, Nomination Committee, Strategy & IT Committee, and Oversight Committee. The Board operates within a clearly defined governance framework that provides for delegated authority and clear lines of responsibility without abdicating the 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, whose performance is closely monitored against set objectives and policies.

The Group Chief Executive Officer,

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

The scope and limitations of these delegations are 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
GORCCO – Group Operational Risk and Compliance Committee

ALCO – Assets and Liabilities Committee
MCRC – Management Credit & Risk Committee



Responsible Banking

The Board is committed to upholding transparency and accountability to our shareholders and investors. The Board ensures that all shareholders are treated equitably and their rights are protected. The Board actively reviews the social, environmental, and economic issues pertinent to the region where the subsidiaries operate. It consistently incorporates this information in its policy decisions relative to the Group's commitment to sustainable business practices.

The KCB Group has adopted the IFC Performance Standards as international best practices to meet the specific KCB Group loan performance requirements. This ensures that all loan approvals above KShs. 50 million are assessed to ensure clients meet the key areas of Environmental, Social, and Governance impact expectations.

The Group operates in dynamic markets where it is critical to develop sensitivity to various stakeholders' views to maintain trust among its stakeholders. The Group ensures 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 a whistleblowing process that allows stakeholders to address any issue they might have. This mechanism utilises anonymity in the communication channel for internal and external stakeholders.

All KCB Group activities respect the rights and responsibilities outlined in the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other applicable international instruments relating to the human rights of indigenous

peoples, including ILO Convention No.169, the International Covenant on Economic, Social and Cultural Rights, United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Universal Declaration on Human Rights and the International Convention on the Elimination of All Forms of Racial Discrimination (CERD).

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

Social Accountability

In addition to what we do in responsible business, we believe that good corporate governance and effective risk management are essential. We ensure that the Foundation is ethical, transparent, and accountable by having strong governance processes and structures, guiding principles, and clear lines of responsibility. The Board of Directors is ultimately in charge of the Foundation's 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. It is aligned with the relevant statutory and international standards to ensure we meet

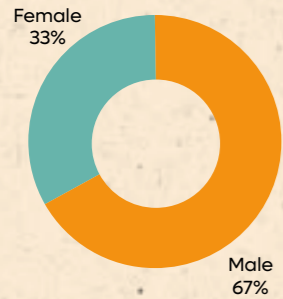


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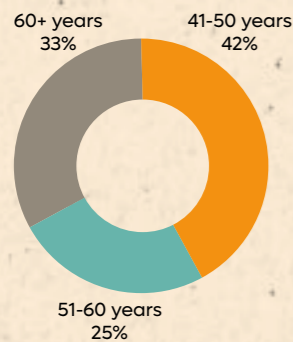
the highest expectations of good governance and integrity, which our stakeholders and shareholders expect. We subscribe to the philosophy and principles of integrity, accountability, transparency, and fairness in business.

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 allows us to securely delegate authority and increase the efficiency with which we serve our customers. All staff decisions can be monitored, leading to greater accountability and transparency in our operations and effectively blocking fraudulent activities.

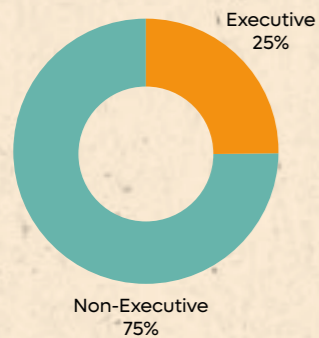
Board Gender Composition



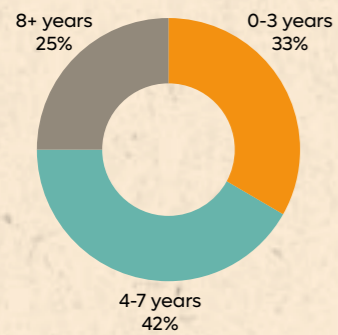
Average Age of Board Member



Level of Board Independence



Average Board Tenure



Social Accountability¹

Female members comprised 33% of the Board. Research shows that companies with at least three women on the Board experience Return on Equity (ROE) gains of 10 percentage points². According to MSCI, strong female leadership generates a ROE of 10.1% per annum vs 7.4% with those without strong leadership³. KCB has strong female leadership at the helm, with a track record of driving performance.

As with gender, the Board's age mix promotes engagement and informs better risk management across the business through leveraging varying points of view, aspirations and experience, which can be leveraged to make informed decisions, set company strategy, and define approaches which drive value creation for the organisation.

KCB Group Board shows a good spread of younger incumbents who also form part of the executive management of the business, as well as individuals with the depth of knowledge required to drive business strategy formulation.

The Board Charter, prepared in line with the CMA Code and the Prudential Guidelines issued by the Central Bank of Kenya, provides that most directors should be independent. 75% of Board members at KCB are independent. This approach aligns to research, which shows that businesses with a large proportion of non-executives at the helm perform better as they can uphold the best interests of shareholders, employees, customers and the organisation as internal or external forces do not impact them. This allows the Board to reach informed decisions enhancing risk management and value creation for the organisation.

Assessment of tenure is key to tracking succession planning at the Board level. The average tenure for the KCB Board is currently four years. This shows a good spread of new incumbents adding new skills and expertise to the *Board, especially needed with the changing risks to the business, specifically those linked to climate change.

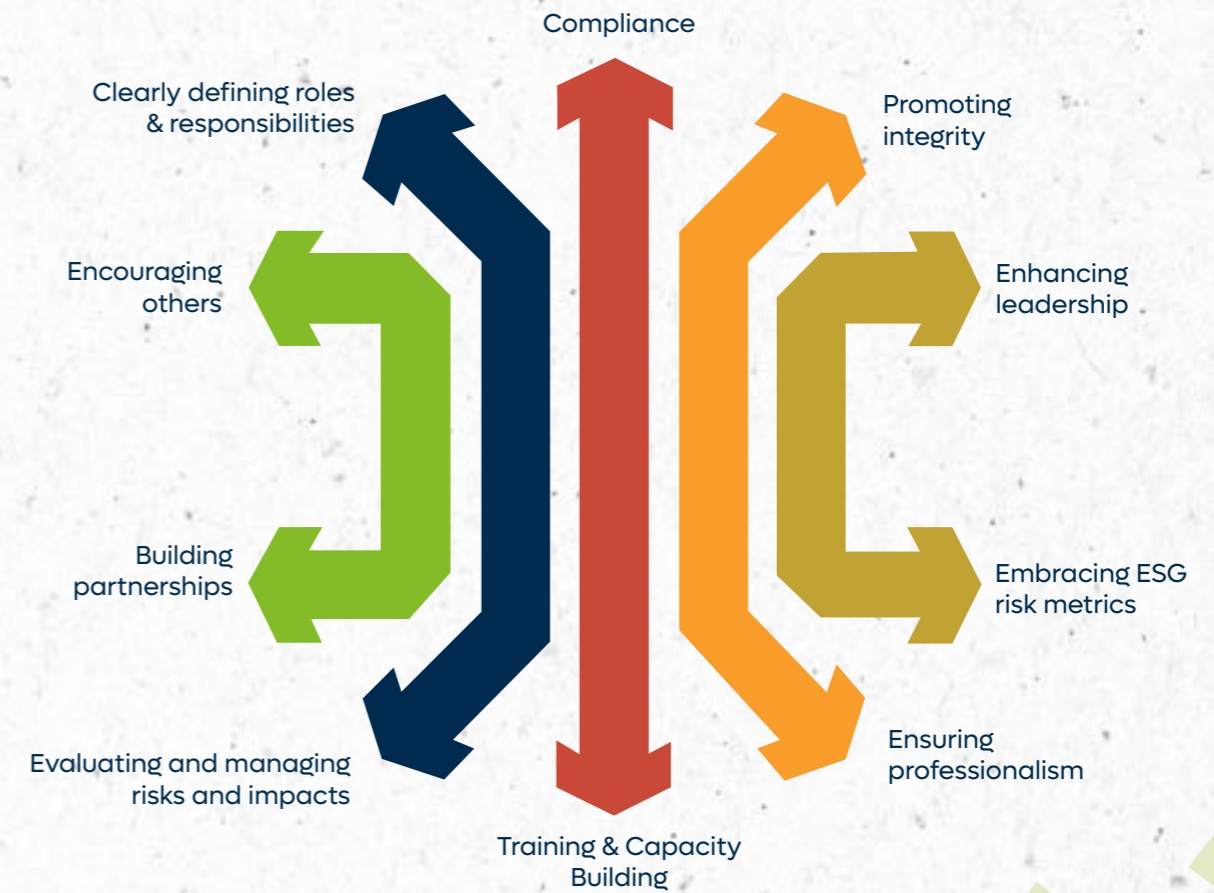
Board Delegation of Responsibility

The KCB Group Board is responsible for instituting policies across the KCB Group (Policy Approver). The Board has delegated its authority to approve policies and auxiliary policy matters to the Group Board Audit and Risk Committee, subject to where other Board committees maintain delegated Board authority for policy approval in their respective areas of oversight. The KCB Board Audit and Risk Committee shall, therefore, be responsible for approving the sustainability policy and other policies and procedures related to the sustainability policy.

The KCB Group Board Strategy and IT Committee and Group CEO shall ensure that necessary resources are available to implement the sustainability policy successfully.

Board Direct ESG Oversight

The Group Head of Corporate & Regulatory Affairs and Director Credit work with management to ensure that adequate resources have been committed to allowing for the effective implementation of the environmental policy and procedures of the Bank. The Head of Credit/Social & Environmental Manager, Sustainability Manager (or other designated officer) carry out their respective roles as envisioned in the Group ESG policy. The Head of Credit/Social & Environment shall maintain a file of qualified environmental consultants who may be called upon to assist in conducting environmental reviews. This approach is informed by the ESG policy and Environmental Social Management System (ESMS) developed for the Group. Key principles guiding the ESMS are:



¹For individual profiles of each Director, please refer to pages 106-108 of the KCB Group Integrated Annual Report 2022.

²Women on Boards: Global trends in gender diversity on corporate boards, MSCI Research, 2015.


³<https://www.msci.com/www/blog-posts/the-tipping-point-women-on/0538249725>

The image features a vibrant green grass background. In the center, a stylized illustration shows two hands holding a globe of the Earth. The globe is surrounded by several trees of varying sizes. A semi-transparent green rectangular box with a leaf-like texture is overlaid on the right side of the image, containing the text 'Stakeholder Engagement' in white. The overall theme is environmental stewardship and community involvement.




Stakeholder Engagement

Stakeholder engagement



Stakeholder engagement is crucial for any business as it involves forming and maintaining relationships with people, groups and organisations connected to the business. Engaging stakeholders throughout the year allows us to instil levels of trust and open communication, ensuring we keep abreast of their needs and stakeholders understand our approach to executing our business strategy. Various stakeholders are engaged using different mechanisms during the year. This table summarises the outcomes and our response to these engagements during the year.

Stakeholder	Why We Communicate	How We Engage	Material Concern Raised in 2022	KCB Response to Concern Raised in 2022
 <p>Customers</p>	<ul style="list-style-type: none"> To nurture open relationships with our customers, to listen, understand them and get feedback. To provide information about available KCB products and services. To get feedback to improve 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 customers to ensure we assist in improving sustainable business practices. 	<ul style="list-style-type: none"> Email In-branch interaction Video conferencing Surveys Feedback platforms Phone calls SMS In-person engagement Surveys Reports 	<p>What is the Bank's appetite for sustainable lending?</p> <p>Will sustainable lending be provided at lower interest rates?</p> <p>Additional support is required in branches on credit facilities available and investment products.</p> <p>How can you speed up complaint resolutions?</p> <p>Why should I go beyond pure compliance regarding ESG risk management? What is the benefit to the business in doing so?</p>	<p>Sustainable lending, as defined by KCB, was communicated to customers, including the benefits of utilising these solutions.</p> <p>The application of better interest rates on a sustainable lending facility would be applied on a case-by-case basis after the finalisation of an ESDD by the Bank.</p> <p>Analysts were deployed to branches on weekends to support clients to support the business with queries.</p> <p>The Bank deployed automated robotic procedures to speed up enquiries and complaints resolutions.</p> <p>Doing so will build levels of resilience and enhance the level of access you have to financial solutions.</p>



Stakeholder	Why We Communicate	How We Engage	Material Concern Raised in 2022	KCB Response to Concern Raised in 2022
 <p>Business Partners</p>	<ul style="list-style-type: none"> To serve our customers better. To collaborate proactively with other financial industry participants to provide shared solutions for the benefit 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 boost our positive impact further. To share our business ethos and encourage our partners to integrate sustainability into their working processes. 	<ul style="list-style-type: none"> In-person meetings Reports Organised conferences Video conferencing Surveys E-mails 	<p>How can we help you innovate your processes?</p>	<p>We welcome proactive engagement on how partners can support KCB Group to innovate processes, products and market delivery. We use open tender processes, which provide clear evaluation guidelines to suppliers when submitting bids to do work for us.</p>
 <p>Suppliers</p>	<ul style="list-style-type: none"> 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, and the pending bills are paid on time. To assist suppliers, incorporate environmental and social governance into operation to ensure our interaction positively impacts the value chain. To get feedback on how to execute our engagement and processes better. 	<ul style="list-style-type: none"> Face-to-face meetings E-mail Organised conferences Surveys Correspondences (invoices, LPOs, memos), topical forums (e.g. changes in tax) 	<p>How can you speed up payment to your suppliers?</p>	<p>We are automating processes to streamline the payment processes for our suppliers.</p>
 <p>Employees</p>	<ul style="list-style-type: none"> To create a conducive working environment where employees are 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. 	<ul style="list-style-type: none"> E-mail Face-to-face interactions Video conferencing Surveys Phone calls Messages Newsletters Internal platforms 	<p>We need a better understanding of deploying sustainable lending products being launched into the market.</p> <p>We need more training to understand how to respond to ESG risks, specifically climate risk screening, to protect the customer and the business.</p> <p>With the poor economic conditions in the market and inflationary pressures, there are concerns there may be job cuts at the bank.</p>	<p>534 employees were trained on sustainable lending in 2022.</p> <p>The training was provided to staff on the updated ESDD process, which included the use of a new ESDD toolkit to assess risks on projects. 3,892 employees received training on various ESG aspects during the year.</p> <p>Assurance was given to the teams that there would be no job losses due to the current economic conditions. On the contrary, their services will be needed with the new regulatory requirements around ESG, climate risk, and market demand.</p>



Stakeholder	Why We Communicate	How We Engage	Material Concern Raised in 2022	KCB Response to Concern Raised in 2022
Investors 	<ul style="list-style-type: none"> 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, and sustainability initiatives. To attract new investors to support and achieve a stable and diversified investor base. 	<ul style="list-style-type: none"> Newsletters Investor briefings Emails, reports, presentations and letters Conferences Information/ notices Senior management meetings and calls Participation in conferences Roadshows 	<p>Are we onboarding the right type of customers?</p> <p>How can we better manage our non-performing loan book?</p> <p>How effective is the Bank's risk management through a monitoring approach?</p>	<p>Our ESDD process allows us to screen customers before onboarding them. This will enable us to manage our risk profile of clients and ensure capital deployment, resulting in the benefit we expect to see in society.</p> <p>Understanding our customers is key here. Screening upfront allows us to minimise our non-performing loan book. Still, in the event of customer default, we have measures in place to engage with them, and measures are available to assist with helping the customer to pay back their loans over time.</p> <p>The Group focused on tightening cyber security measures, conducted stress testing, continued embedding a Group-wide risk culture, including the introduction of climate risk measurement.</p>
Regulators and Authorities 	<ul style="list-style-type: none"> To ensure compliance with all relevant laws and regulations. To ensure KCB expertise and views are integrated into the development and implementation of various relevant regulations and policies. To support the development of business policies beneficial to the economy, 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 region's and our countries' economic growth sustainably and ethically. To undertake joint programmes with county and local governments. 	<ul style="list-style-type: none"> Correspondences (letters, memos), topical forums (e.g., changes in tax) Reports Face-to-face meetings Phone calls Organised meetings/ conferences 	<p>Are you remaining customer-centric and responsive to the customer's needs?</p> <p>Can you increase response time on complaints, and are you addressing all the complaints being raised?</p> <p>How are you responding to the climate risk framework disclosures requested of the business?</p>	<p>Our products are designed with the needs of our customers in mind. We engage our customers regularly and take the feedback received to improve our products and services being offered.</p> <p>Through our digitisation agenda and system upgrades, we have introduced AI to assist with fast-tracking complaint resolutions. This has reduced waiting times significantly and improved customer experience across the Group.</p> <p>We have developed a climate risk framework, with an action plan currently being used to track the rollout of key initiatives to ensure the rollout and implementation of the plan across the Group.</p>





Materiality Topics

Materiality Determination

Material topics are considered issues relevant to our stakeholders and business. The process is conducted every two years. Last year, we updated the material themes identified in 2020 in response to regulatory changes. This year, the Group had a deep dive assessment in which we engaged diverse stakeholders to help identify various priority topics. The materiality methodology was a double materiality approach in which we focused on issues that affect the Group and how our activities impact our stakeholders and the environment. The process followed to determine these risk factors is summarised as follows:



Material Topics Identified

Material topics were identified through various measures, including:

- One-on-one engagement with key stakeholders,
- Workshop sessions with the sustainability team, and
- Sector-specific risk factors were identified based on research undertaken.

The material topics, once identified, were grouped according to KCB Group's strategic thrusts:

- Customer first with leading value propositions,
- Step change in efficiency and productivity,
- Digital leader and digital to the core, and
- Scale to achieve regional relevance.

Once identified, we ensured that these material topics were being managed through our policies and procedures.

Material Topics Rated

Four questions are deployed when rating sustainability topics, and responses are gained through a scoring range for each key material topic. The topics identified were assessed from various perspectives, including how business performance will be impacted if the aspect is not managed, the extent of environmental damage that would occur if neglected, and how key stakeholders would be impacted. For this assessment, the key stakeholders identified included:



The four questions assessed vary slightly per stakeholder but address the following four principles:

- **Question 1:** How is the topic being assessed related to the stakeholder and their relationship with the Bank?
- **Question 2:** How can the stakeholder be impacted (five foundational impacts presented to choose from)?
- **Question 3:** To what degree would the risk being assessed affect the stakeholder if these impacts occurred?
- **Question 4:** The proportion of the stakeholder group impacted by this risk if not managed correctly.



Material Topics Analysed

A review of the ratings provided focuses on the business’s materiality assessment. This is undertaken using percentiles (a measure used in statistics indicating the value below which a given percentage of observations in a group of observations fall). This was utilised to assign priority to the sustainability topics being assessed. These rankings are described in a table as follows:

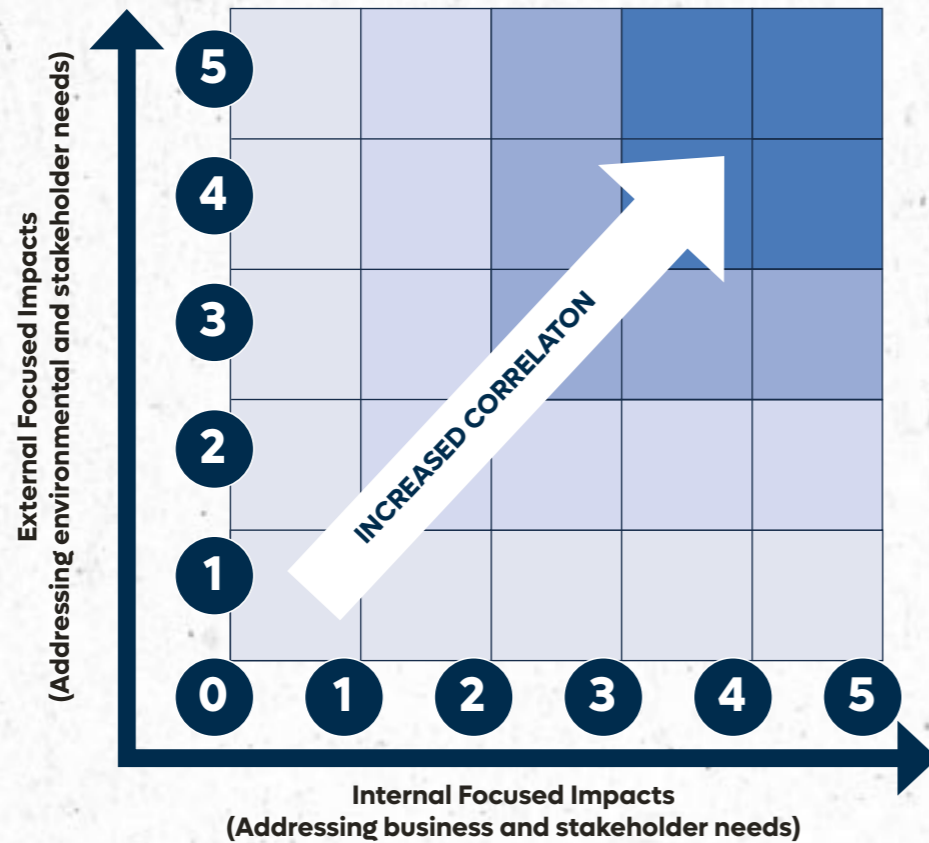
Low priority	Sustainability topics flagged as lower than the 33 rd percentile of the scores provided are to be denoted as low priority.
Medium priority	Sustainability topics between the 33 rd and 66 th percentile of the scores provided should be denoted as medium priority.
High priority	Sustainability topics flagged as higher than the 66 th percentile of the scores provided should be denoted as high priority.

Material Topics Mapped

The data assessed is then presented to reflect the business’s internal and external focus areas. Internal focus areas are reflected on a graph, with the x-axis representing business impacts and the y-axis representing stakeholder needs. Similarly, external focus areas will be reflected on a graph, with the x-axis representing environmental impacts and the y-axis representing stakeholder needs.

For the internal and external focus areas being assessed, sustainability topics plotted in the upper left-hand corner will show strong correlations between the two groups being compared.

Mapping a combined materiality risk matrix will map external impacts against internal impacts. The intent is to determine materiality, impact on business performance, and the ability to realise the business’s strategy.



Material Topics Identified

The following material issues were identified through workshop sessions which refined the theory of change model for the Bank and a review of ESG risks for the Bank currently captured and those identified through research.

Material themes	Material Issue	Definition
Environmental stewardship	Climate action	KCB realised its requirement to mitigate the impact of climate change. Taking action means reducing our carbon footprint, enhancing operational efficiencies, and influencing our customers by screening investments. We motivate and educate our customers on implementing adaptation and mitigation measures. This has also focused the Bank’s attention on transitioning from funding high-risk climate sectors. If we do not manage this risk to the Bank, we will see a loss of income due to increases in our non-performing loan book and a reduction in the ability to raise capital from lenders required for lending to customers.
	Operational efficiencies	Implementing eco-efficiency measures across the organisation with an aim to reduce operational inefficiencies. If executed adequately, we will reduce the cost of operations and enhance levels of customer experience. Not focusing on this would make us uncompetitive in our markets, losing customers and income.
Operational excellence	Financial performance	Ensuring a robust financial performance facilitates ongoing lending to customers and the provision of returns to our investors. This is achieved by closely managing and reducing our non-performing loan book and loan loss ratios, growing our market share, and scaling our regional operations, facilitating additional regional growth.



“The data assessed is then presented to reflect the business’s internal and external focus areas.”

Material themes	Material Issue	Definition
Responsible banking	Protect the Bank's reputation in the market	KCB has a strong reputation in the market, underpinned by professionalism and strong ethical conduct managed through systems and processes which allow us to ensure ongoing compliance with regulatory frameworks. Our values are important to us, supporting all we do and ensuring we realise the maximised value to all stakeholders. Not protecting our reputation through upholding our values can negatively impact our ability to attract strategic partnerships and retain our investors and customer base.
	Employee well-being	The well-being of our employees is vital to us. Our Employees allow us to realise our purpose of "For People. For Better." We thus need to ensure employee well-being. This is achieved through ongoing engagement and providing business continuity plans, health and safety, and ensuring that diversity, equity and inclusion policies are adhered to. Failing to address this risk will increase attrition rates, impacting our ability to serve our customers and provide the desired customer experience.
	Staff training and development	<p>Training and development of staff is essential to the Bank providing the required services to customers. Neglecting this aspect of the business will result in poor customer experience, the inability to identify opportunities in the market for the Bank to grow and develop, and how to enhance our earning potential and market share. Not focusing on this aspect of the business will also result in reduced process efficiencies and an increase in cost of operations due to inadequate implementation of processes.</p> <p>To this effect, staff require training to be consistently provided and at the required quality linked to the Bank's internal succession planning and employee development programmes. We foster a learning and development culture at KCB.</p>
	Gender equality	Gender parity is important to us as it drives financial inclusion across our markets, reduces risks to the business and builds our brand recognition. Focus on providing equal opportunities for all, including women, is demonstrated through our approach to who we employ, our management teams, succession planning and how we design our products. Special programmes, including leadership programmes, empower women. We use mentors and sponsors to facilitate the advancement and inclusion of women across the business.

Material themes	Material Issue	Definition
Innovation and customer obsession	Product innovation	To maintain a competitive advantage, we must continue innovating our products and delivering services in the market. Not focusing on this aspect will see us decrease market share and long-term revenue-generating capabilities. We continue to focus on growing our digital financial services capabilities and products through servicing various customer segments and delivering on scalable technology, which also facilitates our ability to improve process efficiencies.
	Customer experience	<p>Enhancing customer experience focuses on improving turnaround time, levels of convenience, and cost of credit. We aim to reduce the customer's effort required to be served. This has seen the Bank prioritise the automation of reversals for failed transactions, introducing robotics to provide hourly CRB updates, and putting together cross-functional teams to solve recurring customer pain points. We are particularly proud of the support to grow our MSME customer segment.</p> <p>We continue to focus on improving our lending products responsibly by guiding our customers' journey, including ensuring environmental protection, responsible resource use and community protection. Not focusing on customer experience would result in loss of market share, reduced revenue streams and an increase in our non-performing loan book.</p>
	Product stewardship	<p>Product stewardship ensures we design our products for the public good and the promotion of financial inclusion. We align our processes and approach to customer protection principles. This means we ensure our products will not result in an individual increasing their level of indebtedness and that loans provided are utilised to enhance business performance and promote individual wealth creation.</p> <p>This has seen us focus on financing customers, only if they adhere to credit risk screening guidelines. This has allowed us to promote environmental and customer protection by issuing sustainable and green loans. Our compliance charter and various policies outline this approach, which is monitored and reported against regularly to ensure compliance.</p>
Governance	Regulatory compliance	Focus on adherence to regulatory requirements is key for the Bank to build a licence to operate with the regulators, our investors and our customers. This is demonstrated through adherence to data protection and privacy regulations and acquiring needed product approvals from the banking industry regulators before launching into the market. The recent introduction of risk-based pricing has allowed us to reduce banking costs to less risky customers. Screening of customers has similarly been introduced to avoid over-indebtedness of our customer base and protect the environment and broader society.

These material topics clustered according to the KCB Group's strategic thrusts are presented as follows:

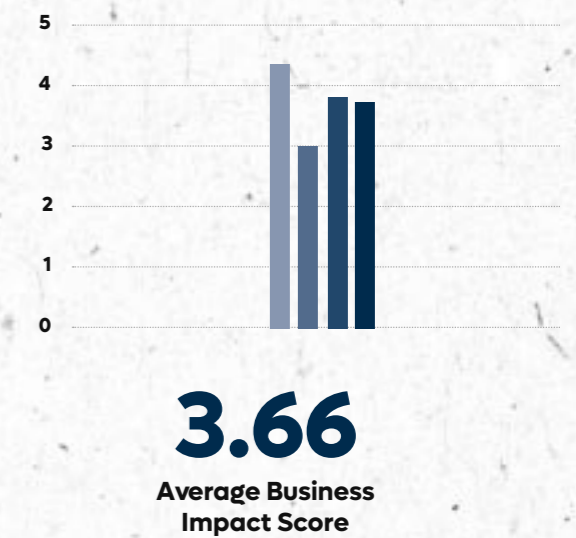


Material Topics Rated

When averaging ratings provided across all 11 Material Issues, an assessment of business impact indicates that all topics were significant to business processes. This showcases that the topics selected were relevant to the business and could significantly impact its ability to realise its strategy.

Questions 1 and 2 averaged a score of 4.3 and 3, respectively. This indicates the topics are directly related to the business's strategic intent, can impact non-financial and financial pillars, and if managed correctly, could realise the value creation for shareholders. If not managed correctly, as articulated in question 3, this could have a medium to large impact on the business, with an average score provided of 3.7 across these Material Issues assessed. The average output of question 4 was 3.6, indicating that these could broadly impact the business, if not managed correctly.

Business Impact

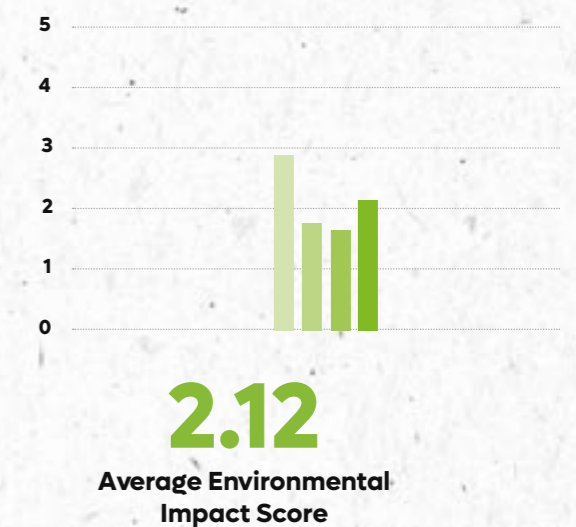


When assessing if the sustainability topics could impact the biophysical environment, if not properly managed, the average scores across all sustainability topics were 2.12. Broken down further, for question 1, the average score of 2.9 was recorded, indicating that the sustainability topics being tracked will only have a limited impact on the biophysical environment. On average, between 2-3 of the following impact pathways were identified to be relevant to these sustainability topics:

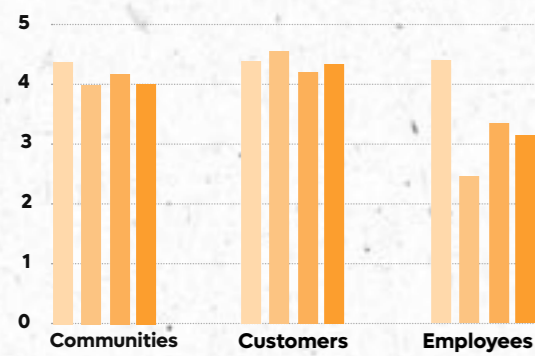
- Assimilative capacity (chemical pollution, inorganic compounds, etc.).
- Scarcity (freshwater withdrawals, non-renewable resource use, etc).
- Biodiversity (land use system change, ecosystem integrity, etc).
- Greenhouse gas emissions (global warming, ocean acidification, etc.).
- Atmospheric integrity (aerosol loading, ozone depletion, etc.).

Impacts of this nature were rated to have minor to medium effects on the environment, with implications noted to be once-off or sporadic, given the direct limited effects associated with the Group operations.

Environmental Impact



Stakeholder Impact



3.59

Average Stakeholder Impact Score

Of the stakeholder groups assessed, the highest average scores were recorded for customers at 4.2, followed by communities (4.1), investors (3.9), employees (3.3), regulators (3.2) and suppliers (2.9). This indicates the relevance of each stakeholder group in allowing the business to realise its strategy. Customers are the centre of the business purpose and drive performance from a financial and non-financial perspective. Overall realising business strategy is directly related to managing customer needs. Not doing so will have a large impact on realising business strategy.

Customers are strategically crucial to realising business strategy. Focussing on customer experience and product stewardship is fundamental to achieving business objectives. Across stakeholder groups, 4-5 risk criteria were linked to realising customer needs. These criteria are summarised as follows:

- Customer protection,
- Product stewardship,
- Education,
- Transparency, and
- Price.

Similarly, communities are closely aligned with the business in achieving its strategy. This emphasises the strong linkage between the work done by the Foundation and that of the business.

Regulators are similarly important to realising business strategy. Without alignment and compliance with stipulated regulations, doing business and realising the business strategy would be difficult. Question 2 scored below 3 on the matrix, with an average of only 2-3 risk criteria linked to realising the business strategy across stakeholder groups. These criteria are summarised as follows:

- Legal compliance,
- Financial prosperity, taxes paid, and economic stimulus,
- Knowledge sharing and thought leadership,
- Sector growth and development, and
- Transparency.

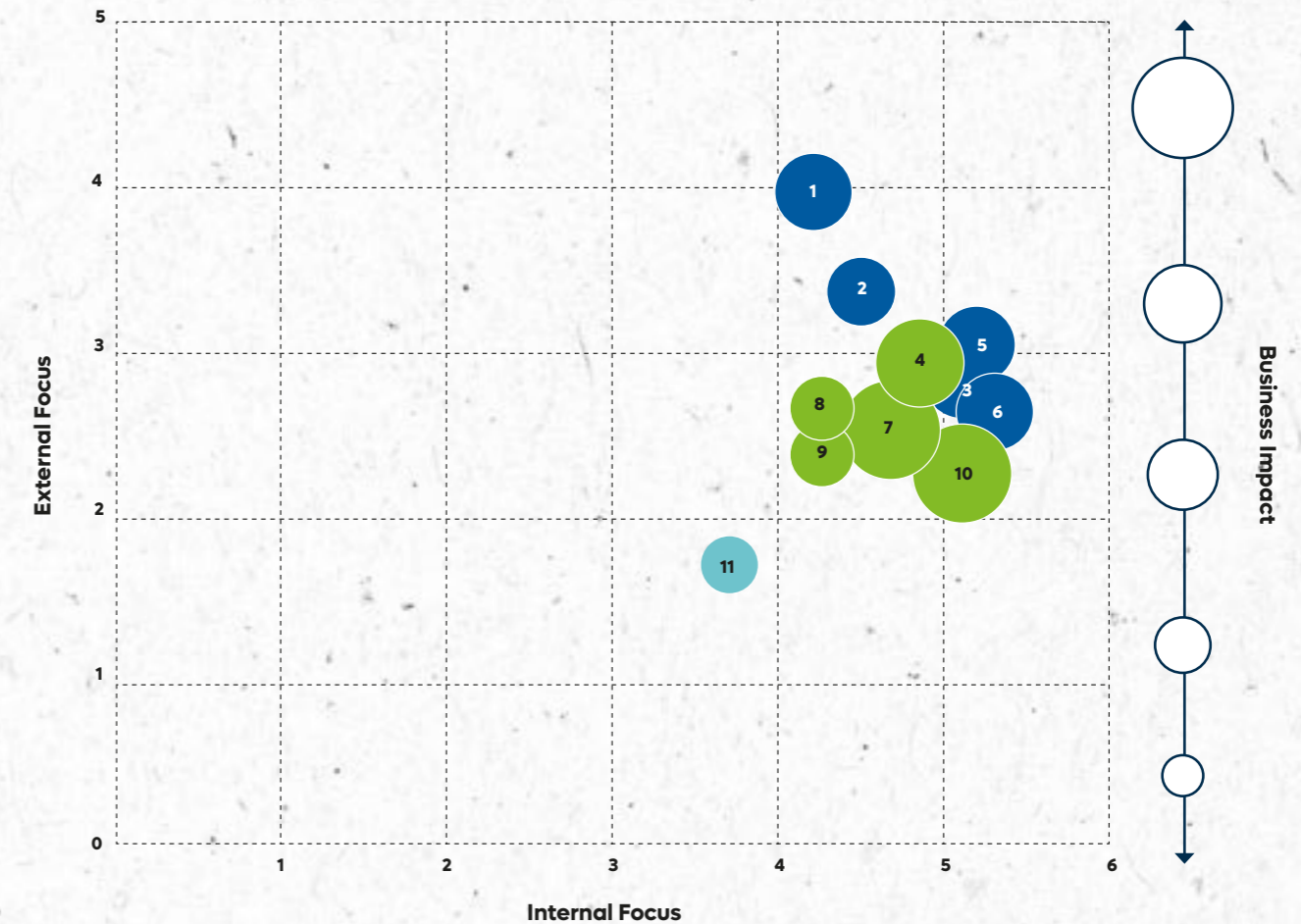
The average score of 3.3 was recorded for the employee stakeholder group, with staff being a fundamental component of the business being able to realise its strategy. Average employee needs, when compared across all 11 sustainability topics for question 2, indicate that at least two of the following criteria were linked to realising business strategy:

- Financial prosperity,
- Health and well-being,
- Education and skills development,
- Social and gender equality, and
- Resource security (attracting and retaining talent etc.).

Investors scored close to an average score of 4, indicating that this stakeholder group is closely related to the business achieving its strategy. Not considering their needs could greatly impact the business, impacting a broad range of business processes.

Suppliers' average scores were below 3, indicating that the sustainability topics related to their business strategy are loosely or partially associated with realising their needs. The impact of not realising these needs will be small, with the impact on the business of not doing so being limited in range.

Assessing all the responses provided across the stakeholder groups, based on business impact and environmental impact, the sustainability topics were prioritised based on low, medium, or high priority. These are summarised as follows:



1. Climate action
2. Enhanced efficiencies
3. Protect the reputation in the market
4. Employee well-being
5. Product innovation
6. Customer experience
7. Staff training and development
8. Product stewardship
9. Regulatory compliance
10. Financial performance
11. Gender equality

“ Investors scored close to an average score of 4, indicating that this stakeholder group is closely related to the business achieving its strategy.



Approach to Creating Value

Approach to Creating Value

Business progress should be evaluated through different perspectives and not just through the growth of financial assets. As a Group, we pride ourselves in extending value to our stakeholders, hinged on the 12 adopted SDGs leveraging the four key pillars underpinning our Beyond Banking strategy. Our value creation model speaks to the fact that our customers are key to ensuring that the Group generates business while increasingly aligning with their needs.

Our model is leveraging efficiency to scale productivity by continuously improving systems to become a digital Bank by enhancing customer experience and reducing natural resource consumption. As a business imperative, we are constantly pivoting stakeholder engagement to ensure we walk with them in this sustainability journey as we scale to become a regional powerhouse by advancing financial inclusion. With this model, the value will be created, extended, and conserved.

WHY WE EXIST
Our Purpose

For People.
For Better.

Our Values

- Closer
- Connected
- Courageous.

Our Inputs: The Capitals we harness

Financial Capital

KShs. 200.2 B	KShs. 63.6 B	KShs. 214.2 B	KShs. 863.3 B	KShs. 1,135.4 B
Shareholders' equity.	Borrowings.	Total capital.	Loans and advances.	Customer deposits.

Manufactured Capital

603	28,834		99.99%
Branches.	Agents and POS merchants.	Robust Digital Banking Channels.	Core banking system uptime.

Intellectual Capital

Strong customer value propositions.	Innovative digital products.	Robust risk management.	Strong brand.
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Human Capital

Exceptional talent and skillset.	11,098 Employees, 47% are women, 67% below 40 years of age, 83% Full-time employees.	Strong employee value proposition.
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Social Capital

32.4 Million Customers. Diverse pool of suppliers with focus on special interest groups of women, youth, and differently abled persons.	Strong transformative partnerships.	Impactful KCB Foundation programmes.
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Natural Capital

Industry leader in Sustainability.	Signatory to key alliances to champion sustainable practices.	Alignment towards increasing disbursement of green loans.
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Our process

- Customer first, with leading value propositions
- Step change in efficiency and productivity
- Digital leader and digital to the core
- Scale to achieve regional relevance.

Our outputs

A well diversified business model that offer an extensive suite of tailor-made, market leading financial solutions to enable our customers transact, save, and make payments.

We extend secured and unsecured credit to our customers based on their repayment ability and our risk appetite. We offer investment banking solutions and asset management services.

We facilitate provision of protection against insurable risks.

Our outcomes

Value for customers

KShs. 187.8 billion	KShs. 100 billion	99% of transactions outside branch network.	NPS score of 56.
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Value for employees

KShs. 30.4 billion	417 promotions in 2022.	Strong employee value proposition.
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Value for investors

KShs. 6.4 billion ⁽¹⁾ in dividends.	23.0% return on equity.	KShs. 153.6 billion in retained earnings.
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Value for government and regulators

Compliance with regulatory requirements.	KShs. 16.5 billion income tax expense in 2022.
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Value for society

KCB FOUNDATION programmes continue to deliver meaningful impact across the region.	12.3% of green loans in our portfolio.	6.1% of procurement contracts by value awarded to special interest groups.
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Note:
(1) KShs. 3.2 billion in interim dividend paid. KShs. 3.2 billion recommended as a final dividend for 2022 for consideration at the AGM.



Created
Value

Created Value

Introduction

This section – created value – aims to unpack the strategic approach taken by the Group to address the sustainability aspects that are material to the Group and create stakeholder value. We begin by reviewing the social sustainability aspects covering society, customers and employees. After that, we consider the environmental aspects, including sustainable operations and climate risk management. To clarify climate risk management, we cover broader risk management practices providing anchorage for the climate approach.

In considering society, an overarching review of our contribution to the SDGs offers insight into how we deliver for people and the planet as we pursue our strategy through our operations and social investment programmes. Further, we discuss the KCB Foundation's performance as we showcase our strategic social investments that aim to empower and prepare underserved communities while positioning the Group for business.

Cognisant of the critical role we play in the lives of our customers, we seek to ensure our products and services create sustainable value and are delivered through ethical and responsible stewardship. We believe that customer excellence offers customers best-in-class experiences and enables them to pursue their financial goals effectively. We cover customers as critical stakeholders impacted by our decisions

and guide how we deliver value.

In talent management, we showcase our approach as a responsible employer to delivering an exceptional Employee Value Proposition (EVP) and excellence in workplace practices. We see our role as employers as vital in contributing to society through job creation, addressing societal challenges, and empowering our employees for work and life.

On the environmental front, our operations remain a key focus area as we seek to ensure we efficiently use resources. We have embarked on a drive to proactively manage our carbon footprint and deliver on our climate targets. We unpack these aspects in this section providing a clear linkage with broader risk management practices. Because risk management is cross-cutting, we consider key sustainability aspects before providing more focused discussions on climate risks.

We close with a synopsis of our tax management approach. As a Group committed to full compliance, we view tax compliance as a requisite aspect of ethical business conduct.

This section on created value provides an in-depth discussion of our sustainability performance in the year, enabling readers to appreciate our results in strategically pursuing the material topics as we deliver on the four strategic thrusts of the Beyond Banking strategy.



Cognisant of the critical role we play in the lives of our customers, we seek to ensure our products and services create sustainable value and are delivered through ethical and responsible stewardship.

Aligning to the North Star

The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action by governments, businesses, and civil society to end poverty and create a life of dignity and opportunity for all within the planet's boundaries. The SDGs explicitly call on all businesses to utilise their creativity and innovation in solving the development challenges of our time while still innovating to ensure future generations are well-protected. All governments have agreed on the SDGs, yet their success relies heavily on action and collaboration by all actors. We identified 12 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 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:

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



SDG	KPI
	<ul style="list-style-type: none"> • 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. • Value of micro-deposits mobilised. • Increase the number of beneficiaries and the amount disbursed through the Inua Jamii programme.
	<ul style="list-style-type: none"> • Number of households supported through the feeding programme. • Value of support to the feeding programme.
	<ul style="list-style-type: none"> • Number of scholarships awarded to female students. • Number of females trained under the KCB 2jijiri programme. • Number of women supported through an incubation programme tailored to entrepreneurs.
	<ul style="list-style-type: none"> • Rise in the total value of loans extended to MSMEs, Corporates, Public and Private Water Service Providers in the NBK WASH programme. • Number of beneficiaries accessing clean water through the NBK WASH Programme. • Number of financing products for MSMEs, Corporates, Public and Private WSPs in the Water Sanitation and Hygiene sector- NBK WASH Programme. • Number of individuals accessing improved sanitation stands - NBK WASH Programme.
	<ul style="list-style-type: none"> • Number and value of transactions done by agents. • Through our channels, increase the value and volume of transactions KCB facilitates. • 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 2jijiri programme. • Supporting youth in entrepreneurship through incubations.
	<ul style="list-style-type: none"> • Increase in the number and value of agri-business loans issued. • Registration of new mobile banking and KCB M-PESA users. • Capacity-building for MSMEs and women customers.
	<ul style="list-style-type: none"> • Increase in the number and value of loans disbursed under the 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). • Number of employees with disabilities. • Increase the number of scholarships issued under the KCB Foundation Scholarship Programme. • Number of MSME beneficiaries trained under the Biashara Club.

SDG	KPI
	<ul style="list-style-type: none"> • 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.
	<ul style="list-style-type: none"> • Reduction in internal resource consumption. • Successfully signing up all our suppliers to the code of ethics. • Transition KCB Branch networks 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.
	<ul style="list-style-type: none"> • Growth in the number of green loans disbursed. • Increase in the number and value of loans screened through Environment and Social Due Diligence (ESDD). • Measurement, tracking and reduction of the Group's carbon emissions. • Capacity-building of staff on sustainable finance solutions. • Number and value of Agribusiness Greenhouses under production. • Value of grants provided to promote LPG in schools programme. • Number of climate-friendly grants awarded. • Number of branches that planted trees. • Number of trees planted. • Number of branches aligned to sustainable finance.
	<ul style="list-style-type: none"> • Preventing theft and fraud by investing in robust cyber-security systems. • Providing anti-money laundering 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. • Number of suppliers signed up to the Group code of ethics. • Frustrated fraud incidents. • Total employee training days per annum.
	<ul style="list-style-type: none"> • Sign up for partnerships through initiatives such as the KCB 2jijiri programme and Mifugo ni Mali, among others. • Strengthening partnerships with schools that are operating accounts with KCB. • Growth in the number of active local suppliers.

SDG IN FOCUS	AGENDA	KCB SDG METRIC/KPI	2021 ACHIEVEMENTS	2022 ACHIEVEMENTS
	To help reduce poverty within the scope of our operations for sustainable livelihoods and economic growth by expanding access to finance for all.	• Active MSMEs lending relationships	47,364	63,514
		• Value of loans extended to groups/chamas	KShs. 68.1 million	KShs.98.8 million
		• Number of groups / chama accounts	59,197	68,350
		• Number of group trainings on financial literacy	143	1,050
		• Value of micro deposit mobilisation	KShs. 4.4 billion	KShs. 5.3 billion
		• Amount disbursed for the Inua Jamii programme ⁴	KShs. 11.1 billion	KShs. 5.3 billion
		• Beneficiaries served through the Inua Jamii programme	561,321	359,386
		• Beneficiaries trained under 2jijiri programme	7,210	5,648
		• Number of new hires	453	178
		• Number of direct jobs created under the KCB 2jijiri programme	3,513	4,128
	To help reduce the level of hunger amongst the most vulnerable.	• Number of households supported through the feeding programme	Not reported in 2021	6000
		• Value of support (Fund Committed)	Not reported in 2021	KShs. 22.0 million
		• Number of ASAL counties Supported with food donation during the extended drought	Not reported in 2021	21
	To enhance opportunities for females to improve their educational and employment levels.	• Number of scholarships awarded to female students	Not reported in 2021	567
		• Number of scholarships awarded to male students	Not reported in 2021	710
		• Number of females trained under the KCB 2jijiri programme	Not reported in 2021	1,725
		• Number of males trained under 2jijiri programme	Not reported in 2021	2,686
		• Number of females supported for entrepreneur (incubations)	Not reported in 2021	1,790
		• Number of males supported for entrepreneurship (incubations)	Not Reported in 2021	2,235
		• No of business toolkits issued to female beneficiaries	32	123
• Number of teen mothers/girls affected by FGM/ early marriage sponsored under the education programme	Not reported in 2021	26		
	To enhance access to clean water and sanitation.	• Rise in the total value of loans extended to MSMEs, Corporates, Public and Private Water Service Providers in the NBK WASH programme	Not reported in 2021	KShs. 310.0 million
		• Number of beneficiaries accessing clean water through the NBK WASH Programme	Not reported in 2021	294,114
		• Number of financing products for MSMEs, Corporates, Public and Private WSPs in the Water Sanitation and Hygiene sector- NBK WASH Programme	Not reported in 2021	KShs. 60.0 million
		• Number of individuals accessing improved sanitation stands - NBK WASH Programme	Not reported in 2021	64,007
		• Number of water tanks donated to schools and other institutions through the Foundation ⁵	69	24

4 Amount disbursed for the Inua Jamii programme – some of the registered beneficiaries failed to collect the funds

5 Number of water tanks donated to schools and other institutions through the Foundation - the decrease was due to a drop in the number of requests made

SDG IN FOCUS	AGENDA	KCB SDG METRIC/KPI	2021 ACHIEVEMENTS	2022 ACHIEVEMENTS
	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 to make life easier for our customers through diversification, technological upgrade, and innovation.	<ul style="list-style-type: none"> Youths trained under KCB Foundation 	5,092	3,168
		<ul style="list-style-type: none"> Number of persons with disability trained under 2jijiri programme 	112	11
		<ul style="list-style-type: none"> Number of transactions done by agents⁶ 	KShs. 56.64 million	KShs. 55.46 million
		<ul style="list-style-type: none"> Value of transactions done by agents⁷ 	KShs. 538.2 billion	KShs. 502.1 billion
		<ul style="list-style-type: none"> Number of loans processed under mobile banking 	6,011,712	9,924,487
		<ul style="list-style-type: none"> Number of registered KCB M-Pesa users 	18,770,353	20,692,211
		<ul style="list-style-type: none"> Value of KCB M-PESA loans disbursed 	KShs. 45.4 billion	KShs. 43.4 billion
		<ul style="list-style-type: none"> Number of mobi loans disbursed 	KShs. 157 billion	KShs. 193 billion
		<ul style="list-style-type: none"> Value of mobi loans disbursed 	KShs. 12.7 billion	KShs. 21.6 billion
		<ul style="list-style-type: none"> Supporting youth in entrepreneurship through incubations 	1,871	4,025
		<ul style="list-style-type: none"> Amount of Corporate Social Investment support to the business through the Foundation 	KShs. 22 million	KShs. 85 million
		<ul style="list-style-type: none"> Number of employees below 35 years 	2,085	3,839
			To re-invent intellectual innovations for digital services and product development that provide 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.	<ul style="list-style-type: none"> Number of agri-business loans
<ul style="list-style-type: none"> Value of agri-business loans 	KShs. 1.4 billion			KShs. 2.4 billion
<ul style="list-style-type: none"> Value of loans screened through ESDD (New and Refinancing) 	KShs. 244.8 billion			KShs. 270 Billion
<ul style="list-style-type: none"> Products and innovation addressing social issues/ challenges e.g. COVID-19 	14			6
	To help reduce inequality in our communities and workplaces by ensuring equal resource distribution and gender parity in the workforce by implementing programmes that promote equality.	<ul style="list-style-type: none"> Value of loans disbursed under women's value proposition 	KShs. 44.6 billion	KShs. 75.3 billion
		<ul style="list-style-type: none"> Beneficiaries of Women in Leadership Forum 	250	250
		<ul style="list-style-type: none"> Number of male permanent and pensionable employees⁹ 	4,138	2,375
		<ul style="list-style-type: none"> Number of female permanent and pensionable employees⁹ 	3,495	1,910
		<ul style="list-style-type: none"> Percentage composition of women on the KCB Group Boards 	27%	33%
		<ul style="list-style-type: none"> Number of scholarships awarded under the scholarship programme 	320	1,277
		<ul style="list-style-type: none"> Proportion of Niche (PWLD, teen mothers and FGM) scholarships awarded 	Not recorded in 2021	125
		<ul style="list-style-type: none"> Total number of group (FTE) employees at year end 	8,538	7,442
		<ul style="list-style-type: none"> Number of Biashara Club forums 	199	187
<ul style="list-style-type: none"> Number of MSME beneficiaries trained under the Biashara Club 	26,637	9,917		

6 Number of transactions done by agents – reduction of POS machines in the market reduced the number of transactions and hence the drop in value

7 Value of transactions done by agents – reduction of POS machines in the market reduced the number of transactions and hence the drop in value

8 Drop due to the pause of the YAW project
















9 Drop due to issuance of voluntary early retirement (VER) issued during the year.

SDG IN FOCUS	AGENDA	KCB SDG METRIC/KPI	2021 ACHIEVEMENTS	2022 ACHIEVEMENTS
	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, focusing on protecting the poor and persons in vulnerable situations, and providing mortgages for affordable housing programmes.	• Value of life assurance	KShs. 820.0 million	▲ KShs. 1.2 billion
		• Value of healthcare insurance	KShs. 680.0 million	▲ KShs. 813.2 million
		• Value of agri-business insurance	KShs. 14.6	▲ KShs. 23.7
		• Number of bancassurance policies	33,438	▲ 35,408
		• Value of bancassurance premiums	KShs. 3.2 billion	▲ KShs. 4.3 billion
	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.	• Successfully signing up all our suppliers to the code of ethics	Not reported in 2021	53%
		• Percentage reduction in the use of electricity, water, fuel and paper ¹⁰	17%	▼ 7%
		• LED lighting in the KCB branch network	40%	▲ 52%
		• Percentage spent on procurement – local spend percentage	63%	▲ 75%
		• Percentage spent on procurement - international spend percentage	37%	▼ 25%
		• Spend for supplies ¹¹ (in billion): Local spend	KShs. 6.8 billion	▼ KShs. 6.1 billion
		International spend	KShs. 4.0 billion	▼ KShs. 3.4 billion
		• Percentage spent for Special Group Suppliers of the procurement plan	3.8%	▲ 6.1%
• Value of loans screened through ESDD (new and refinancing) billions	KShs. 245.0 billion	▲ KShs. 270.4 billion		
	To align our strategy and practises with the Paris Agreement on climate action objectives to positively impact people, the 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 our corporate book is compliant.	• Group's overall carbon footprint reduction ¹²	11.25%	▼ 5%
		• Percentage of green loans	8.4%	▲ 12.3%
		• Policies aligned to sustainable finance	Not reported in 2021	3.0
		• Number and value of agri-business greenhouses under production	Not recorded in 2021	98
		• Value of grants provided to promote LPG Gas in schools programme	Not recorded in 2021	KShs. 14.3 million
		• Number of climate-friendly grants awarded	Not recorded in 2021	24
		• Number of trees planted	Not recorded in 2021	10,781
		• Capacity-building on sustainable finance	3,358	▲ 3,892
• Number of branches that have planted trees	Not recorded in 2021	21		

¹⁰ Complete Resumption of employees to their various workstations

¹¹ Local and International spend – this was attributed to austerity measures taken by finance to ensure cost minimisation that led to reduced spend

¹² Complete Resumption of employees to their various workstations

SDG IN FOCUS	AGENDA	KCB SDG METRIC/KPI	2021 ACHIEVEMENTS	2022 ACHIEVEMENTS
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	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 practices in corporate and risk management.	<ul style="list-style-type: none"> Number of staff undergoing anti-money laundering training 	8,025	 5,512
		<ul style="list-style-type: none"> Number of employees who have undergone ethics e-learning courses 	41%	 95%
		<ul style="list-style-type: none"> Percentage of achievement of anti-money laundering awareness across the Group 	100%	 95.7%
		<ul style="list-style-type: none"> Number of employee engagement (leadership, mental health awareness, ethical awareness, career development) forums, e.g., town halls, feedback surveys etc. 	177	 153
		<ul style="list-style-type: none"> Frustrated fraud incidents 	474	 113
		<ul style="list-style-type: none"> Total employee training days per annum 	35,120	 18,917
		<ul style="list-style-type: none"> Number of staff who signed staff declaration forms 	4,925	 6,285
		<ul style="list-style-type: none"> Number of employees exited due to fraud (direct involvement) 	13	 8
		<ul style="list-style-type: none"> Learner days per staff 	7.5	 3.4
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	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.	<ul style="list-style-type: none"> Number of partnerships in the KCB 2jiajiri programme 	29	 84
		<ul style="list-style-type: none"> Number of partnerships in Mifugo ni Mali Farmer Producer Organisations (FPOs) 	31	 96
		<ul style="list-style-type: none"> School accounts operated by KCB 	83,987	 85,352
		<ul style="list-style-type: none"> Number of active local suppliers 	715	 682

SME Support and Social Return on Investment



“ KShs. 9.2 billion in economic stimulus achieved over the last three years. ”

Research has shown that mobile money adoption can increase income within an SME by at least 5%.¹³ With Mobi Chama, KCB disbursed a total value of KShs. 187 million from these accounts in 2022. Ease of access to these funds using this mobile money application and the ability to pool funds as a group has had an acceleration effect on the growth and development of these SMEs in the region.

Research on the continent shows that every US\$ 1 invested in SMEs generates, on average, an additional US\$ 12 in the economy.^{14&15} Of the US\$ 12, more than 41% benefits those outside the enterprise i.e., within the broader supply chain. Looking back over the last three years, this has equated to a total of KShs. 9.2 billion in economic stimulus, directly related to the KCB lending activities across this product.

13 Morawczynski O, Pickens M (2009) Poor people using mobile financial services: observations on customer usage and impact from M-PESA. CGAP: Washington, D.C

14 From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises, SEAF, 2014

15 From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises, SEAF, 2014

Agricultural Sector Support and Social Return on Investment



“ Estimated 2,600 direct jobs supported over the last three years. ”

Access to loans as little as US\$33 in Zambia was noted to increase farming households' agricultural output by around 9%.¹⁶ Studies in Ethiopia have also shown that the economic benefit of providing funding extends way beyond the agricultural sector, with every US\$1 of output generated in agriculture noted to stimulate a further US\$1.23 in economic activity in other parts of the economy. Ensuring these businesses grow their revenue line and enhance their levels of resilience and improve levels of efficiency is thus key to stimulating long-term economic growth.¹⁷ KCB extended KShs. 4.3 billion in the form of agricultural loans in 2022, up from KShs. 1.4 billion in 2021.

In the East African context, agriculture is a significant player in creating jobs. In Ghana, it was determined that every US\$1 million invested in agriculture is linked to 1,566 jobs in the economy.^{18&19} Based on the value of loans disbursed in 2022, this equates to 1,842 jobs supported in the Kenyan economy due to these funding activities.

16 The future of work in African agriculture: Trends and drivers of change, Jayne et Al., ILO, 2017

17 <https://www.povertyactionlab.org/evaluation/providing-foodstuffs-and-cash-loans-improve-smallholder-farming-zambia>

18 <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/136231468249312550/socio-economic-impact-of-ifc-financing-in-ghana-an-assessment-of-employment-and-value-added>

19 <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/136231468249312550/socio-economic-impact-of-ifc-financing-in-ghana-an-assessment-of-employment-and-value-added>



Financial Inclusion for the Credit Funnel Enhancement Project



Credit Funnel Enhancement Project

KCB Foundation, in partnership with GIZ, initiated the development of a concept paper to scale up the 'Partner Kwa Ground' initiative - a Medium, Small and Micro Enterprises (MSME) Credit Funnel Enhancement Project. The project involves picking up credit applications and taking them through a 'treatment' (solving identified credit access gaps) programme before re-introducing them back to the banking system.

A KShs. 100 million concept is currently being developed.

Green Financing



LPG Gas Project

To promote clean energy cooking in schools as opposed to using unsustainable wood fuel energy, KCB Foundation committed over KShs. 35 million (20% grant commitment) to pilot support to schools to set up LPG gas infrastructure. In the year, a total of 24 schools were supported with KShs. 14.2 million in grant funding with a total loan amounting to KShs. 55 million distributed in 2022.



Gender Inclusion



Clean Start Solutions

Partnership with Clean Start Solutions; a social enterprise that works with women and their children impacted by the criminal justice system in a bid to restore dignity and hope for successful reintegration into society. Through this partnership, KCB Foundation and Clean Start Solutions work together to identify girls formally imprisoned for opportunities in schools, TVETs, and Enterprise Development training. It is expected that, through this partnership, the KCB Bank retail business will grow through expanding the check-off loans and salary accounts with prison staff.

Food Security



Feeding Scheme Supported

The KCB Foundation worked with government at national and county levels and through the National Drought Management Committee to contribute to mitigating the prolonged drought effects. The Foundation contributed foodstuff, and water worth KShs. 24 million. Over 6,000 households in 24 counties benefitted.





KCB
Foundation

KCB Foundation

The KCB Foundation was established by KCB Group in 2007 and was mandated to implement the Bank's Corporate Citizenship Responsibilities. Since its inception, the Foundation has supported education, healthcare, environment and humanitarian aid programmes, empowering small enterprises with an emphasis on underserved communities. The Foundation has two main objectives:



Activities under the Foundation are grouped under the following three focus areas:

- Employment and Sustainable Agriculture
- Education
- Philanthropy

Various partnerships have been established with private and public sector parties to assist with implementing these focus areas.



County and Private Sector Partnership Initiatives

The KCB Foundation signed 6 MoUs with county governments and seven private sector players to scale up its flagship programmes in Education, 2jjajiri, Sustainable Agriculture (MNM), and Corporate Social Investments (CSIs), amongst other new initiatives. In-kind value and cash contributions of partnership contributions are estimated at over KShs. 126 million. This contributed significantly to the impact of the Foundation's programmes, an impact that would otherwise not be possible for the Foundation alone to achieve.

Overview of Foundation Performance

Additional partnerships sustained and forged in 2022 were:



KEY RESULT AREAS

ENTERPRISE DEVELOPMENT	EDUCATION	AGRIBUSINESS	CORPORATE SOCIAL INVESTMENT
102,679 Jobs Created	4,602 Scholarships Awarded	11,865 Jobs Created	60Bn Contribution To Asset Growth
18,870 Youth Trained	99% Secondary School Completion Rate	31,695 Farmers Supported	120M Branch Support
5,092 Businesses Incubated	84% Transition to University	291 Livestock Groups (FPOs) Strengthened	224M Humanitarian Aid
246M Loans Distributed	59% Beneficiaries from Vulnerable Backgrounds	140M Loans Distributed to 40 FPO's	35M LPG Gas Financing for High Schools
918 Business Startup Toolkits Issued	268 Tertiary Scholarships Awarded	277 FPOS trained on Financial Planning	
1.2Bn Institutional Deposits (KSHS)	< 1Bn In School Fees Paid (KSHS)	65M FPO Deposits (KES)	
2,318 Successfully Trained on Financial Planning		1,478 Farmer Accounts	

Youth Empowerment

2Jijiri Programme

The 2Jijiri programme offers comprehensive support packages to youth, combining vocational skills training, business development training, access to finance and mentorship. The objective is to empower and equip unemployed and out-of-school youth to grow micro-enterprises. This is achieved through the following approaches:

- a. Provision of technical skills, scholarships for out-of-school youth aged 18-35 (skilling), and existing micro-entrepreneurs (upskilling).
- b. Business development services and discounted asset and capital financing for the graduates of (a) above.
- c. Provision of market and industry linkages.

The Program achieved the following outcomes in 2022:

DIRECT JOBS	4,128	BUSINESS SUPPORTED	934
HOUSEHOLDS REACHED	7,500	PEOPLE REACHED	37,000
TRAINING	3,529 youth project participants	BUSINESS DEVELOPMENT SERVICE	37,000 Youth enterprises supported
LOANS ISSUED	546	LOANS VALUE	KShs 246 million
LOANS REPAYED	KShs 82.9 million	LINKED TO MARKET	2,243 business linked to markets
DEPOSITS REALISED	KShs 139 million		



The Foundation continued with its expansion of the 2Jijiri programme in partnership with GIZ in Tanzania and Uganda through the recruitment and training of youth project participants totalling 760 and 763, respectively. The youth were enrolled in various Technical Training Institutes in the countries. A total of 186 and 650 youth in Tanzania and Uganda, respectively, completed their 6-month technical and attachment training and have been released to the job market. 836 youth transitioned into the Business Development service journey that enables them to start their entrepreneurship journey.



KCB Foundation, in collaboration with BPR Plc, launched the IGIRE Class of 2022, an initiative aligned with the 2Jijiri programme. The event was hosted by the Managing Director of BPR Plc, and young individuals were selected to undergo six months of vocational skills training at Integrated Polytechnic Regional Centres (IPRC) in Rwanda. Of the 244 recruited and trained, 226 completed the training and have been released to the job market.

The KCB Foundation IGIRE programme partnered with DOT Rwanda and the National Youth Council to provide entrepreneurship and business plan training to the beneficiaries. The beneficiaries identified suitable businesses and made presentations before for a partnership panel where the best 10 businesses were each awarded KShs. 200,000 seed capital from the Foundation.



KCB Foundation partnered with KCB Bank and the Kenya Maritime Authority to support youth who will be employed as seafarers on various cruise ships as shipping staff. The partners seek to create direct jobs for the seafarers. 150 youth were supported with travel and visa applications through a KShs. 5.25 million grant. The programme will be scaled in 2023 to support additional seafarers.

Case Study

From Struggles to Success: The Transformative Journey



Mr Evans Wesonga's life was marred by setbacks and financial challenges, hindering his dreams of becoming an aeronautical engineer. However, everything changed when he joined the 2jijiri programme, a sustainable initiative that saved his life and empowered him to build a successful and fulfilling career in agriculture.

From the early stages of his education, Mr Wesonga faced numerous obstacles due to financial constraints. Despite being a bright student, he struggled to secure consistent education opportunities. The inability to pay tuition fees resulted in missed terms and disrupted schooling. The 2jijiri programme allowed him to break free from this cycle of hardship and uncertainty.

With unwavering determination, Mr Wesonga actively sought out opportunities for self-improvement while working as a chapati cook in Nairobi. During a visit to a local cybercafe, Mr Wesonga came across an advertisement for the KCB Foundation's 2jijiri programme. Intrigued and hopeful, he realised this could be the opportunity he had been looking for to change his life. This marked

the beginning of a remarkable journey that would reshape his destiny.

Mr Wesonga's journey was not without challenges. Balancing his job and attending classes tested his determination, but he persevered. Even when the COVID-19 pandemic disrupted the programme, he remained steadfast in pursuing a sustainable future. His dedication paid off when he had the opportunity to work on a greenhouse project in Ngong, where he acquired valuable farming skills.

With newfound knowledge and skills, Mr Wesonga planted his first tomato crop. Although the initial harvest was modest, he persevered, undeterred by setbacks. Month after month, his tomato production increased, along with his earnings. Through diligent efforts, he achieved impressive yields and financial stability.

The KCB Foundation, through the 2jijiri programme, provided Mr Wesonga with essential support throughout his farming journey. Agronomists and business development teams offered guidance and expertise, ensuring

he stayed on the right track. The programme's partnership with Latia, an off-taker, provided ready market for his produce, removing the uncertainty of finding buyers. This support system was instrumental in his success.

With the income generated from greenhouse farming, Mr Wesonga supported his family and opened a café in Kinoo, creating employment opportunities for others. By embracing the 2jijiri programme, he realised that farming skills could be a powerful tool for self-employment and a sustainable livelihood.

Overcoming financial obstacles, Mr Wesonga's journey exemplifies the programme's impact in achieving SDGs. He gained skills aligned with SDG 4 (Quality Education) and achieved financial stability in SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). His story showcases the inclusive nature of the programme, contributing to SDG 10 (Reduced Inequalities) and promoting sustainable development.

Mr Wesonga's story is a testament to the extraordinary possibilities that sustainability opportunities can offer, and the transformative impact of the 2jijiri programme. Through the programme, Mr Wesonga found his way out of a life burdened by financial struggles and discovered a prosperous path in agriculture. With unwavering commitment, relentless effort, and KCB Foundation's invaluable backing, he achieved financial security and became a beacon of inspiration. His remarkable journey exemplifies the transformative power of providing individuals with the necessary resources and opportunities, paving the way for sustainable and inclusive growth.

Case study

Unemployment to Empowerment through KCB Foundation's 2jijiri Programme



In 2019, Ms Joan Nereah faced a challenging crossroads as an unemployed young woman with limited prospects. However, a ray of hope emerged through the KCB Foundation's 2jijiri programme, unlocking a path towards empowerment and sustainable change.

Through intensive training in hydroponic farming, a climate-smart agricultural practice, Ms Nereah acquired diverse skills and knowledge to cultivate success while minimising environmental impact. KCB Foundation's unwavering support propelled her forward, providing theoretical and practical education, and essential financial aid for transportation services.

Despite the difficulties posed by the COVID-19 pandemic, her unwavering determination led to a transformative opportunity. Two years later, the KCB Foundation offered her the chance to establish

a personal greenhouse project. Filled with enthusiasm and hope, she planted her first crop. Since then, Ms Nereah's harvests have exceeded expectations, yielding approximately 5.6 tonnes of tomatoes generating substantial revenue of around KShs. 250,000. Yet her impact extends far beyond. By creating employment opportunities for others and promoting sustainable practices, Ms Nereah exemplifies the transformative power of the 2jijiri programme. She has cultivated sustainable growth and inspired others to embrace climate-smart agriculture, fostering a greener and more resilient future for her community.

Through the KCB Foundation's comprehensive and holistic training, Ms Nereah has become an all-rounded individual in sustainable agriculture practices. Her knowledge and skills position her as a true advocate for sustainable development, aligning

with the UN SDGs. The support the Foundation provides extends far beyond training, fostering collaboration with agronomists and business development experts. This ongoing partnership ensures ongoing guidance, assistance in disease management and access to reliable buyers, further reinforcing their shared commitment to sustainability.

The 24-year-old expressed her heartfelt appreciation to the KCB Foundation, expressing her gratitude for their unwavering support. She was grateful and wanted to thank the Foundation because she wouldn't be where she is today without their support.

Ms Nereah's journey through the KCB Foundation's 2jijiri programme demonstrates the transformative power of sustainable agriculture. By receiving training in hydroponic farming, she gained skills and knowledge while minimising environmental impact. Through her success in establishing a personal greenhouse project, Ms Nereah achieved impressive yields and revenue, creating employment opportunities and inspiring others to embrace climate-smart agriculture. Her story aligns with SDG 2 (Zero Hunger), SDG 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action), contributing to a greener and more resilient future.

Livestock Farming

The Mifugo ni Mali (MNM) Programme

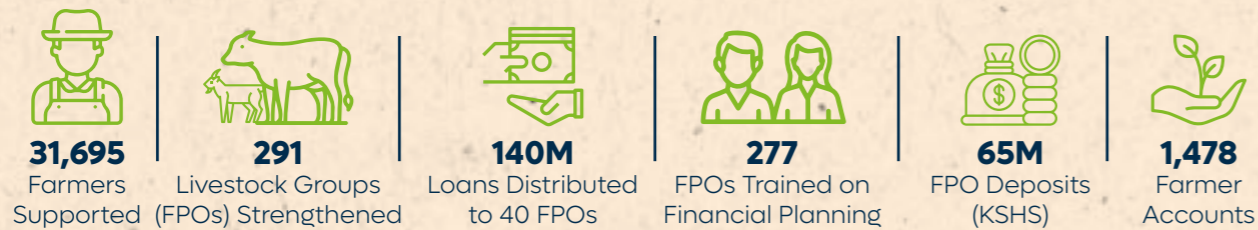
“The KCB Foundation addresses these challenges through the Mifugo ni Mali (MNM) programme. This livestock value chain programme targets livestock keepers in the Arid and Semi-Arid Lands (ASALs).”

The MNM programme aims to reduce extreme poverty by increasing income within communities through training, mentorship, and the provision of business development grants. The capacity-building exercises supported by the programme include reviewing business plans, livestock insurance, credit preparedness and pasture establishment.

Some key challenges hindering better livestock farming and trade include undernourishment, prevalence of diseases due to open grazing and livestock movement methods, poor breeding and animal husbandry practices, past policy issues and inadequate financing. Climate change, especially during drought seasons, has brought about large livestock losses, further hindering livestock farming in the region. Additionally, most private sector and financial intermediaries have had little interest in improving livestock farming owing to low return on interest versus the investment made.

The KCB Foundation addresses these challenges through the Mifugo ni Mali (MNM) programme. This livestock value chain programme targets livestock keepers in the Arid and Semi-Arid Lands (ASALs). The programme aims to commercialise the sector and transform it into a vibrant segment, enabling livestock producers to achieve maximum returns. This 10-year programme targets producer organisations in the livestock value chain in dairy, meat, honey and fish. The programme is being implemented in Kenya's Baringo, Taita-Taveta, Narok, Kwale, Laikipia, Kilifi, Samburu, Tana River, Marsabit and Mombasa counties.

The programme achieved the following outcomes in 2022:



Farmer Producer Organisations (FPOs) were supported to construct/rehabilitate four market centres, linked with product off-takers, supported with appropriate value addition equipment, and supported with business-to-business trade fairs. Over KShs. 332 million was earned by 1,200 farmers in the year through sale of 4,850 cattle, 14,500 goats, 340,000kg of milk, 45,000kg of fish and 30,000kg of honey, which were marketed through the FPOs in 2022. This translates to an average income of over KShs. 23,000 per month.

As a result of this support, KCB Bank realised 70 FPO bank accounts being opened, 1,478 individual farmer accounts with deposits worth over KShs. 57 million and non-funded income realised of over KShs. 450,000.



The Foundation facilitated the 2022 Baringo County Kimalel Goat Auction in December graced by the President of the Republic of Kenya. 2,533 goats from 833 households (averaging 3 goats per farmer) were sold, each at KShs. 12,000. As a result, the farmers earned KShs. 27.8 million, equating to an average household income of over Kshs 33,000. The County Government of Baringo earned over KShs. 2.5 million in levies for maintenance of the market centre as part of its business sustainability strategy.



The Foundation, in partnership with Latia Agribusiness Solutions Ltd, intends to improve the technical quality of delivery at Kibiko Hydroponics Farm in Ngong, Kajiado County. The role of Latia is to drive the technical agronomic aspects of hydroponics farming, including training and mentorship of 200 greenhouse owners and off-take of their farm produce. As a result of this partnership, there has been a reduction of over 76% in the cost of inputs as compared to previous production cycles, during similar production periods due to efficiency strategies enforced by Latia.



Market Access and Financial Access

Mifugo ni Mali Programme



Kenya's livestock industry contributes approximately 10% of the country's GDP, employs about 50% of the agricultural workforce, and livestock products (including meat and dairy) and accounts for about 30% of the total marketed agricultural products¹⁹. The livestock industry, therefore, is a key foundation for the livelihoods of most Kenyans.

In the past few years, Kenya has been subjected to increased drought and flooding, resulting in declining livestock numbers. Additionally, the sector is hindered by several challenges, including disease outbreaks from open grazing practices and insufficient funding for smallholder farmers.

KCB Foundation has sought to address these challenges by

establishing the Mifugo ni Mali programme. Launched in 2014, the programme targets livestock keepers in arid and semi-arid lands across Kenya, focusing on four value chains: meat, dairy, apiculture and aquaculture. The programme aims to assist livestock producers in seeing a return on their operations and products.

The programme helps livestock keepers with access to markets and finances and strengthens animal management practices. Further, the programme trains producer organisations in governance and management, value addition, and financial literacy and management.

The programme is being implemented across 10 counties in Kenya, namely: Baringo, Taita-

Taveta, Narok, Kwale, Laikipia, Kilifi, Samburu, Tana River, Marsabit and Mombasa.

Through the programme's implementation, 154 cooperatives across the four value chains have been trained in business planning, governance and financial access. Since implementation, the livestock industry's contribution to production has also been affected as milk production increased by 45%.

Access to finances for livestock producers has improved as the programme has assisted 34 cooperatives in getting access to over USD1 million worth of loans.

¹⁹ <https://www.kalro.org/divisions/livestock/>

Case study

Programme- Mifugo ni Mali Programme - Lualenyi Ranch partnership



In the heart of Taita-Taveta County, a vast ranch stretches across 106,000 acres; Lualenyi Ranch. Born in 1963, it experienced its most challenging moment when a merciless drought ravaged the land in the late 1990s, decimating over 7,000 cows and countless other animals. Yet, amidst the turmoil, this resilient ranch, renowned for its beef cattle, stood firm, unwavering in the face of adversity.

In 2015, Lualenyi Ranch partnered with KCB Foundation's Mifugo ni Mali programme. At the time, the ranch had fewer than 400 animals and wasn't reaching its full potential. But with the programme's unwavering support, a remarkable growth journey began. Today, the ranch stands tall with over 2,700 animals and hosts more than 11,000 cattle from the local community.

The partnership with Mifugo ni Mali brought significant improvements to the ranch, sparking a wave

of positive transformations. Streamlining record-keeping became effortless, enabling better supervision and management of the herd. They embraced modernisation by acquiring essential tools like chaff cutters, built modern feeding lots, and even installed silos to store feed for the cows. These advancements ensured that the bulls thrived and attained the optimal weight desired by the market.

During the day, the bulls happily graze under the watchful eye of 50 herders from the local community and, in the evening, enjoy protein-rich meals in the feedlots. This approach maximises weight gain and guarantees high-quality meat that satisfies consumers' taste buds.

The ranch went beyond its initial efforts and embraced modern technology and innovative practices to elevate beef farming efficiency, productivity, and

sustainability. Equipped with state-of-the-art machinery, and cutting-edge techniques, the ranch emerged as a formidable player, effectively combating the persistent challenges of drought and prevalent diseases that plague the region.

Disease control takes precedence at Lualenyi Ranch as evidenced by the construction of a cutting-edge cattle dip facility, where vaccinations are administered to combat diseases and pests. The ranch further strengthens its ties with the community by allowing them to utilise the dip for their cattle. By implementing livestock vaccination protocols, pest control measures, advanced weighing facilities, and enhanced transportation methods, the ranch has revolutionised its livestock management practices, yielding top-quality beef sought by local and regional markets.



In response to modern consumers' growing demand for transparency, Lualenyi Ranch has risen to the occasion. Through the livestock identification and traceability system (LITS), the ranch ensures a seamless tracking process for each animal, through the utilisation of Radio Frequency Identification Technology, from the moment of birth to the consumers' plate; the journey of every animal can be traced. This comprehensive system guarantees the highest animal welfare standards and ensures the quality of the final products delivered to consumers.

By forgoing a collaborative alliance with Mifugo ni Mali, the ranch has established a direct sales channel, circumventing intermediaries and directly supplying its meat to Choice Meats and the Kenya Meat Commission. This approach not only maximises financial returns for the farmers but also plays a vital role in fostering economic prosperity and growth.

Lualenyi Ranch's impact extends beyond its boundaries and nurtures a robust relationship with the local community. The ranch generously offers grazing space to the

community, fostering a harmonious coexistence. Additionally, the ranch demonstrates its commitment to education by providing annual bursaries to support needy students. The ranch also actively engages in community projects, making notable contributions to developing schools and churches. Through these initiatives, Lualenyi Ranch exemplifies its dedication to the holistic progress and well-being of the local community.

Lualenyi Ranch's operations align with several United Nations' Sustainable Development Goals (SDGs), reflecting its commitment to sustainable practices and community development. Through its various initiatives, the ranch contributes to SDG 2 (Zero Hunger) by ensuring a steady supply of high-quality meat and supporting food security. It also addresses SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) through its partnership with the KCB Foundation's Mifugo ni Mali programme, promoting sustainable agriculture and supporting small-scale farmers.

The ranch's disease control measures and traceability systems

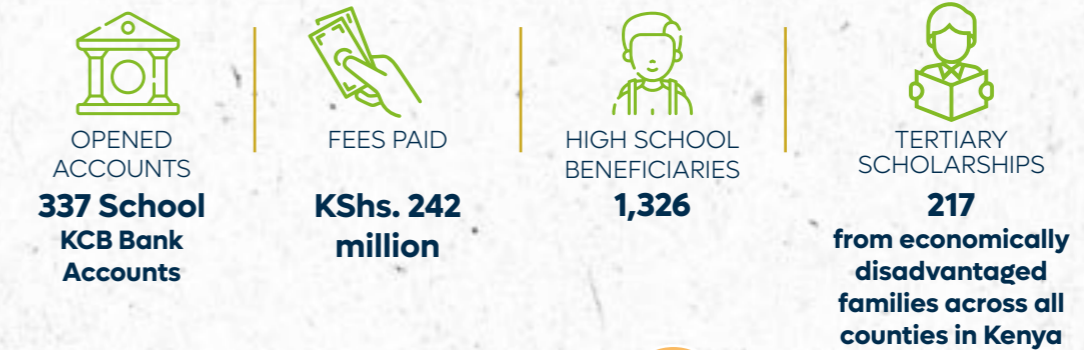
also contribute to SDG 3 (Good Health and Well-being), and SDG 12 (Responsible Consumption and Production). Lualenyi Ranch's community engagement initiatives align with SDG 4 (Quality Education), SDG 11 (Sustainable Cities and Communities), and SDG 17 (Partnerships for the Goals). Lualenyi Ranch's operations encompass many initiatives that align with multiple SDGs, demonstrating its commitment to sustainable agriculture, poverty alleviation, responsible consumption, and community development.

Looking into the future, the ambitious goal is to establish a herd of 5,000 breeding cows, an objective through which the ranch strives to ensure a consistent supply of robust and healthy animals, subsequently bolstering its sales. Lualenyi Ranch is a testament to the power of resilience, innovation, and community collaboration. It's a symphony of success that harmonises with nature while satisfying the growing appetite for quality beef.

Scholarships¹³

In deepening its citizenship and social impact agenda, the KCB Foundation provided scholarships to over 1,300 needy students who sat for the 2022 Kenya Certificate of Primary Education (KCPE) examinations and joined various secondary schools countrywide. The Foundation has set aside KShs. 700 million to support the 2023 scholarship cohort through secondary and tertiary education.

The programme achieved the following outcomes in 2022:



The estimated Social Return on Investment by supporting secondary education in this manner is: **KShs. 805 million**



Scholarship Programme



Of the high school students who received scholarships, 11% (117) are vulnerable students such as Female Genital Mutilation (FGM) survivors, teen mothers, and persons with disabilities. The Foundation is pleased with the transition rate to the university which stood at 91% in 2022.²⁰ KCB Foundation also launched the Alumni Club of Mentors. The Club is aimed at promoting and fostering mutually beneficial interactions between the alumni and the present scholarship programme beneficiaries.

²⁰ Calculation based on multipliers obtained from Psacharopoulos, P & Patrinos, H, World Bank, April 2018.

Revamped Ubuntu Initiative



In 2022, the Ubuntu Initiative was revamped and launched. The initiative provides an opportunity for KCB staff to give back and contribute to the community and feel empowered to work a larger purpose outside the world of the Bank. Through the initiative, a total of KShs. 2.3 million was raised. With a corresponding match from the KCB Foundation, the funds were used to support a total of 81 high school students contributing to a total of 1,095 students reached through the scholarship programme. Staff also gave through sweat equity and helped build homes for two needy families in partnership with Habitat for Humanity Kenya.













Customer
Excellence

Customer Excellence

We are committed to improving customer experience through proactive and deliberate initiatives that seek to reduce the customer effort to serve (CES) by tackling issues identified by customers as being pain points in their engagement with us. In this respect, we undertook several remedial and improvement initiatives, including:

-  Resolving transaction failure on a real-time basis through advanced robotics.
-  Improving app performance for KCB M-PESA and KCB Mobile through migration to the VOOMA platform offers improved efficiency and end-user experience.
-  Consistent and proactive reporting of top customer issues to drive accountability and ownership.
-  Improving customer incident management and resolution by creating a streamlined, standard and predictable process to manage customers impacted by system failures.
-  Automation of the process to update customers' credit reference listings, which saw customer requests resolved within 12 hours, down from the previous average of four days.
-  Enhanced customer communication through SMS notifications on loan processing status and cheque payments.
-  Improved verification of customers through Hakikisha on USSD to mitigate misrouted payments.
-  Enhancement of cash deposit machines (CDMs) to process increased deposits and ensure improved uptime.

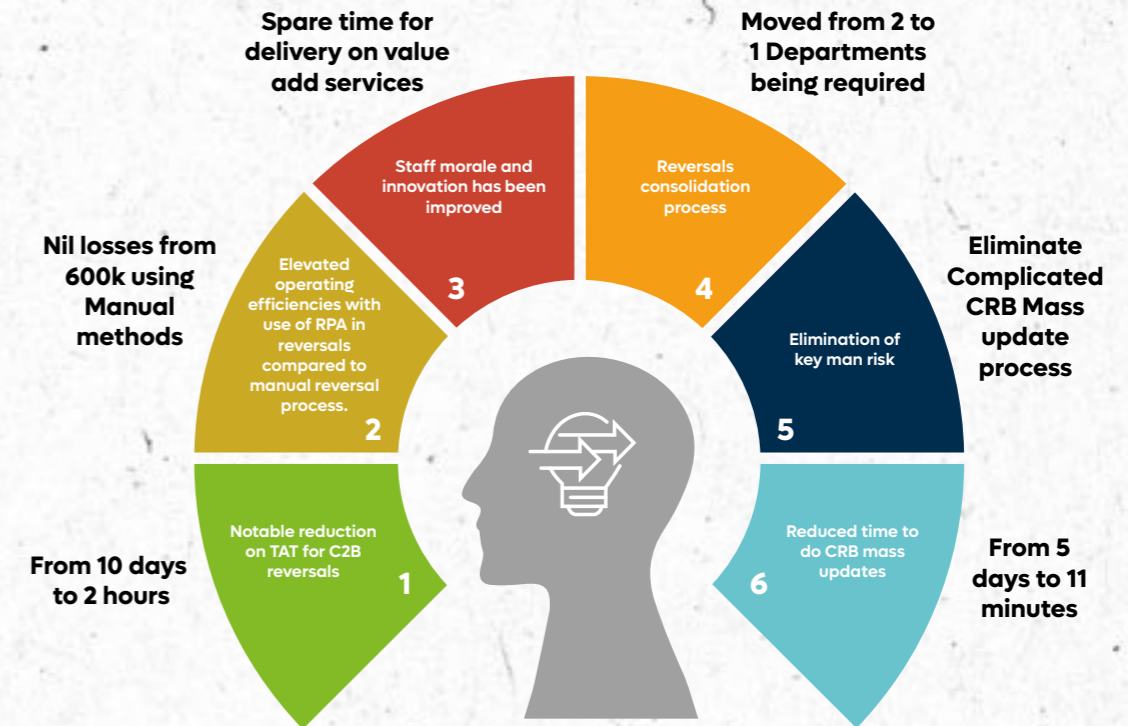
We continue investing in technology to enhance repetitive functions, improve self-serving capabilities for customers, and promptly address customer queries and concerns.

Enhanced Customer Interface

The Bank is anchored on sound processes guided by policies and procedures. In an ever-changing environment, it is imperative to remain relevant and adapt to ever-changing customer needs. We have adopted the digitisation of banking services on our platforms (Mobile & Internet banking) to offer convenience to our customers, ensuring we can provide banking services to them at any time. As such, processes on the digital channels are also reviewed and automated to enable the Bank to meet its objective.

We have adopted robotic process automation to perform bulky, repetitive functions requiring minimal human judgement and intervention. There are currently 11 robots deployed in the Bank with the following registered benefits:

“Customer experience is part of everyone’s DNA in the organisation. The customer is the reason we exist. Our business is For People and For Better, and starts with the customer.”




The net promoter score (NPS) and customer effort score (CES) are tracked per subsidiary to track levels of customer satisfaction. NPS is often seen as a customer’s willingness to recommend the business to others. In contrast, the CES score indicates the ease with which a customer can interact with the business and have their complaints resolved.

		NBK	KCB Kenya	KCB Burundi	BPR Plc	KCB South Sudan	KCB Tanzania	KCB Uganda	KCB Group
NPS	2022	55%	60%	56%	41%	30%	46%	37%	56%
	2021	52%	56%	12%	40%	48%	38%	40%	53%
CES	2022	27%	20%	9%	22%	ND	15%	26%	20%
	2021	29%	29%	27%	10%	ND	19%	23%	21%

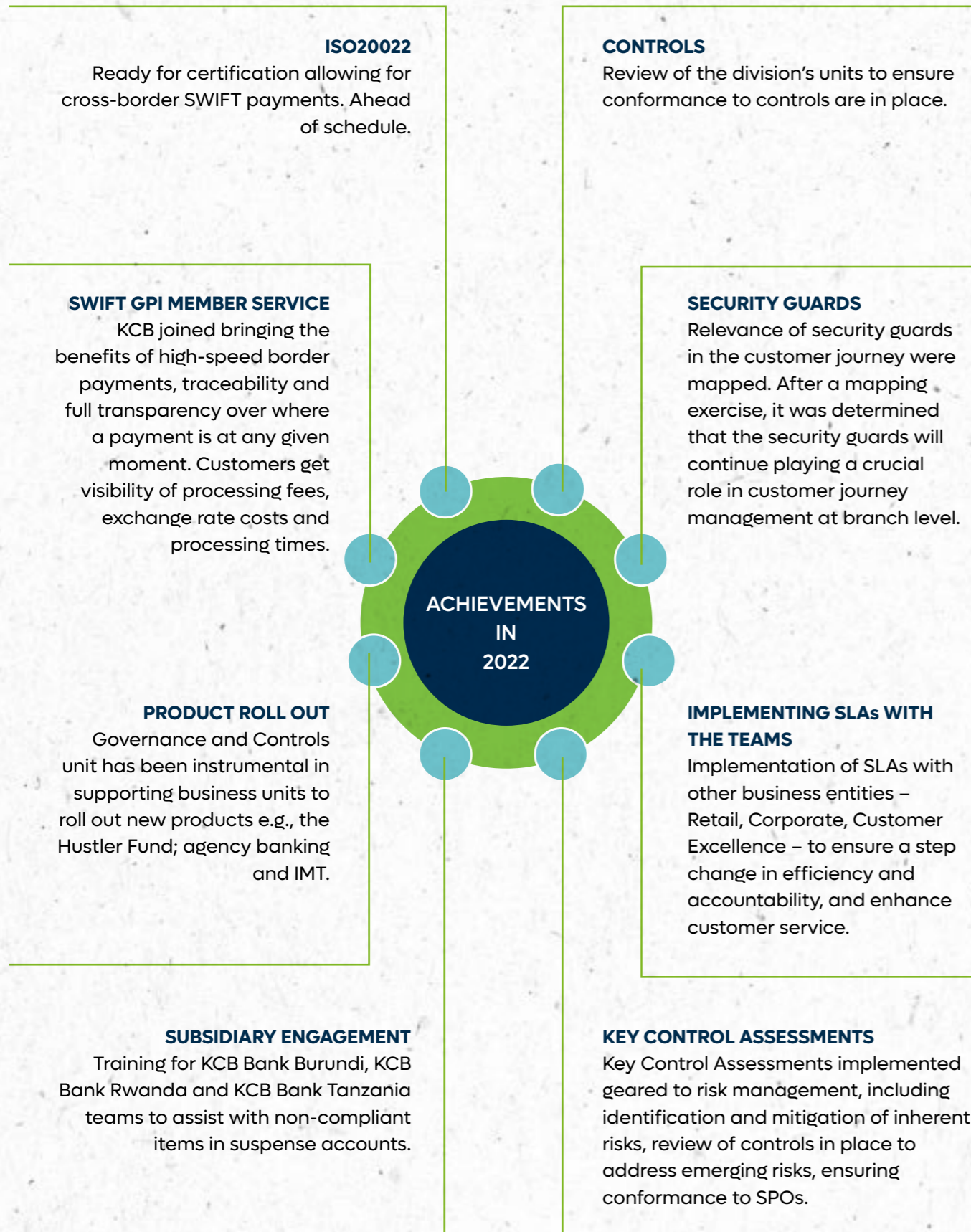
Driving Efficiency and Optimal Use of Resources

With the Group Shared Services Division’s Target Operating Model envisioned to operationalise seven centres of excellence, synergies have been realised in optimising processes, systems, and people. In 2021, we released 139 without replacement, translating to KShs. 40 million in savings. In 2022, seven staff retired without replacement. However, the business volumes have increased over time, and the optimisation of our processes, systems and people has enabled the division to perform its function and deliver expected levels of service.

 <p>Objective</p>	Focus on simplifying customer journeys
	Automation of basic enquiries
	Drive first-time resolution at all touchpoints
	The global drive towards customer obsession
	Execution with speed and excellence

“Training of staff is ongoing to keep pace with MC tech updates and standards. Through this, 84% of card schemes penalty notices amounting to US\$ 926,500 YTD have been averted.”

Achievements in 2022



Focus areas for 2023

Our Customer Facing Divisions

At KCB, we adopt a customer-centric approach to ensure that the Group can provide customised solutions that meet the clients' needs and continue supporting customer relationships.

	Overview	Products Available
 Bancassurance	KCB provides customer-centric solutions for the mitigation of the various risks that customers encounter in different schemes of life. The service includes the support provided in case of a claim with the respective insurance company supported by the various service agreements with the key partners of KBIL.	<ul style="list-style-type: none"> • Health insurance • Motor insurance • Property insurance • General insurance • Travel insurance • Life assurance
 Sahl Bank	The KCB Sahl banking provides Shariah compliant banking products for individuals, biashara, corporates and the diaspora community.	<ul style="list-style-type: none"> • Transactional accounts • Savings accounts • Premium accounts • Investments • Trade finance • Chama accounts
 Retail Banking	Our retail banking (consumer or personal banking) provides services to the general public (consumers) in addition to the commercial banking arm.	<ul style="list-style-type: none"> • Customer current accounts • Savings accounts • Fixed deposits • Consumer loans • Mortgage-based lending
 Corporate Banking	Our corporate banking division provides a full suite of services and products targeted at middle to large-sized corporates and public sector entities.	<ul style="list-style-type: none"> • Trade finance • Asset-based finance • Project financing • Mortgage • Transactional services • Correspondent banking

Products Promoting Financial Inclusion

At KCB, we provide accessible and affordable financial solutions through convenient channels. This is also closely linked to ongoing consumer education and financial literacy training to ensure KCB customers can safely utilise our banking channels and service offerings.

 <p>Wealth Management</p>	<p>The wealth management service plays a key role in helping customers invest in a more efficient manner and more conveniently. We have products across all customer categories, which will ensure that all customers' needs/objectives are achieved. The introduction of a Money Market Fund, a very flexible product, with a minimum investment amount of KShs. 1,000 is in line with our shared agenda to democratise investment opportunities and inculcate a robust culture of saving.</p>
 <p>Mobile Lending - Platforms</p>	<p>KCB offers various mobile lending platforms to consumers, including KCB M-PESA, KCB Mobile loan for bank customers, Fuliza, Kopa Float for agents and Retailer Financing for merchants.</p>
 <p>Mobile Lending - Hustler Fund</p>	<p>The Hustler Fund is a government digital financial inclusion initiative that we facilitate designed to improve access to responsible finance for personal use and MSMEs in Kenya. The Fund provides access to MSMEs by innovating, developing and deploying financial services and products that are accessible and appropriate for the underserved and unserved persons.</p>
 <p>Mobile Lending - Business Lending</p>	<p>In 2022, KCB launched business lending to improve working capital credit to mobile money agents as well as to retailers tied to distributors who offered their data to score and provide credit limits to their customer bases.</p>

 <p>ElimuKconnect</p>	<p>The ElimuKconnect programme, launched in 2022, is NBK's education financing and empowerment proposition for schools. It provides, facilitates and supports flexible financial solutions inclusive of asset financing and infrastructure development, green energy and water solutions, leadership and capacity-building, innovation and excellence in learning, ICT digitisation and connectivity. The programme aims to support capacity-building, financial inclusion, technology improvement, innovation and excellence in learning.</p>
 <p>Biashara (MSMEs)</p>	<p>In 2022, we focused our efforts on building solid micro credit solutions from small business owners and venturing into that space has given very interesting facts, insights and raw data that we shall use to refine our offering and protect the customers and shareholders. It is critical to note that credit and gross savings penetration in Kenya and the region is still quite low at single digits, except for Tanzania, suggesting a strong need to provide effective digital tools to reach customers where they are.</p>
 <p>Affordable Housing</p>	<p>KCB plays an active role in Kenya's affordable housing market by providing relevant and appropriate financial solutions to customers. In 2022, KCB introduced an affordable housing mortgage proposition which will benefit lower-middle and middle-income earners in the consumer and MSME market segments. Our affordable housing solutions aim to increase home ownership, reduce the demand deficit for housing, increase social well-being and promote financial inclusion.</p>
 <p>Female-Led and Made Enterprises (FLME)</p>	<p>In 2022, KCB launched the Female-Led and Made Enterprises (FLME) proposition which aims to lend KShs. 250 billion in five years to women entrepreneurs. This will go a long way to supporting and promoting the development of women-owned enterprises, supporting job creation and strengthening KCB's reach into unique market segments.</p>
 <p>Diaspora</p>	<p>KCB offers diaspora-specific products and services to ensure those living in the diaspora can transact, send money home, manage their finances, and acquire assets. Services and products include money transfer, insurance, mortgage, and various account options. This supports financial inclusion for parties that may otherwise have been excluded from the financial system.</p>

Case study

Chania Feeds: Empowering Sustainable Livelihoods Through Excellent Customer Experience.



Mr James Kirika Njoroge, a determined and enterprising individual, embarked on a remarkable journey that exemplifies the power of sustainable entrepreneurship and community empowerment. As a young boy growing up in Kabete, Kenya, Mr Njoroge developed a passion for poultry farming, inspired by his uncle who reared chicken and served as his role model. This became the foundation for his future endeavours.

relocated to Gatundu North in 1975. He purchased a piece of land and established a small home and coop to accommodate the growing poultry operation. Over time, Mr Njoroge's dedication and hard work propelled the poultry business forward, leading him to retire from his job in 1980 to fully focus on his entrepreneurial pursuit.

From its humble beginnings, his poultry farming venture evolved into Chania Feeds Manufacturers, one

In 1969, after the years of employment, Mr Njoroge decided to pursue his aspirations of poultry farming. Starting with a small chicken house at his parents' home, he purchased his first batch of 82 chicks, unable to afford the originally intended 100. With the support of his mother and later hired farm helper, he managed his growing chicken population and envisioned expansion.

Recognising the need for more space to accommodate his thriving business, Mr Njoroge

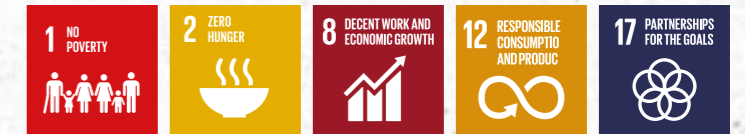
“Over time, Mr Njoroge's dedication and hard work propelled the poultry business forward, leading him to retire from his job in 1980 to fully focus on his entrepreneurial pursuit.”

of Kenya's largest feed producers. The company's commitment to sustainable practices and community impact aligns with several United Nations' Sustainable Development Goals (SDGs). Chania Feeds actively contributes to SDG 1: No Poverty, by providing employment opportunities to nearly 70 individuals, including 30 staff members dedicated to the poultry section. By creating stable livelihoods, the company helps alleviate poverty and promote economic well-being within the local community.

In line with SDG 2: Zero Hunger, Chania Feeds plays a critical role in ensuring food security by producing high-quality feeds for poultry, livestock, and pigs. These nutritious feeds contribute to enhanced animal productivity, enabling farmers to provide safe and healthy food for their communities. The company's commitment to SDG 8: Decent Work and Economic Growth is evident through its expansion efforts and fair employment practices. Chania Feeds fosters economic growth by providing inclusive job opportunities and contributing to the local economy.

As an advocate for responsible consumption and production, Chania Feeds aligns with SDG 12: Responsible Consumption and Production. The company implements sustainable manufacturing practices, minimising waste and optimising resource utilisation. By doing so, Chania Feeds reduces the environmental impact associated with the livestock industry.

The partnership between Chania Feeds and KCB Bank exemplifies



SDG 17: Partnerships for the Goals. KCB Bank has played a crucial role in supporting Chania Feeds' growth by providing friendly loan facility rates to assist with raw material procurement. KCB's partnership has been instrumental in the company's success and positive impact.

Despite the challenges posed by the COVID-19 pandemic, including a significant increase in raw material costs, Chania Feeds persevered with the support of the Bank, ensuring the continuity of its operations and the preservation of livelihoods.

Chania Feeds plans to build another factory in the future, to meet the rising need for animal feed. With KCB's continued support, this expansion will further contribute to sustainable growth and community development. Chania Feeds serves as an inspiring case study for sustainable entrepreneurship and community engagement through its adherence to the SDGs. The company is a successful business that also created positive social, economic and environmental impact. By empowering livelihoods, promoting sustainable agriculture and fostering partnerships, Chania Feeds epitomises the transformative power of sustainable business practices and sets an example for others to follow.

The image features a warm, golden sunset background with silhouettes of several hands holding interlocking gears of various sizes. The gears are arranged in a line, with some overlapping. The hands are positioned as if they are supporting or adjusting the gears. A green rectangular banner with a leaf-like texture is overlaid on the right side of the image, containing the text "Our People" in white, sans-serif font.

Our People

Our People

At KCB, we prioritise the engagement and well-being of our employees and realise their crucial role in our sustainability journey. Our innovative practices foster collaboration, idea-sharing and feedback, harnessing diverse perspectives to drive our progress. By investing in their development and prioritising their well-being, we nurture a resilient and motivated team committed to positively impacting our stakeholders and communities.

In 2022, we organised a series of engaging webinars covering a wide range of topics. These webinars included discussions on financial performance and outlook, women empowerment, a brand refresh, mental health perspectives, HR connections, fatherhood in the digital age, and many more.

153 webinars were conducted across eight regional markets, achieving an impressive 85% participation rate. These interactive sessions provided valuable insights, fostered learning, and connected employees. The webinars served as a platform for sharing knowledge, aligning strategies, and building a strong sense of unity and purpose.



Our innovative practices foster collaboration, idea-sharing and feedback, harnessing diverse perspectives to drive our progress.

Region	Participation Rate
KCB Group	89%
Kenya	72%
Burundi	73%
Tanzania	55%
South Sudan	59%
Uganda	34%
Rwanda	99%
NBK	76%
Group Total	85%

Our commitment to employee engagement extends beyond webinars. We continuously explore new avenues to foster collaboration, such as digital chat sessions, specialised training programmes, and loyalty engagement activities like Simba Points. By embracing these opportunities, we ensure that our employees are actively involved in shaping our collective success.

As we reflect on our achievements, we are proud of the vibrant and engaged culture we have cultivated within the organisation. We continue prioritising employee engagement, listening to their voices, providing growth platforms, and learning meaningful connections.



Our Culture

At KCB Group, we continuously shape our culture to align with our purpose and values. In 2022, we embarked on a transformative journey driven by our commitment to being a purpose-led organisation. To become the undisputed leader, we recognised the importance of living true to our values of being Courageous, Connected, and Closer to the ones we serve.

We understand that delivering on our purpose begins with our employees, and we, therefore, strive to create awareness and deeper meaning among our workforce, providing them with a profound understanding of our brand's purpose and values. We hope to ignite motivation and cultivate a strong commitment by doing so. As a Group, we are dedicated to improving the management of our employee offerings, ensuring they resonate with our purpose and values. We look inward to championing employee advocacy.

At the core of our culture is establishing a connected and cohesive team. We cultivate an environment that nurtures team building, fostering strong connections among all our employees who collaborate harmoniously to provide a seamless and engaging customer experience. Proactively addressing any potential tension stemming from disengagement or indifference, we create an atmosphere where collaboration and teamwork flourish, enabling us to deliver exceptional results together.

Strongly, we believe in nurturing a workplace culture that embraces joy and fosters strong connections among our employees. To create an environment filled with positivity and camaraderie, we proactively organise engaging activities internally and in collaboration with external partners. These initiatives are designed to promote fun, strengthen relationships and infuse our workplace with energy and enthusiasm. By cultivating a vibrant and engaging work environment, we empower our employees to thrive, collaborate and contribute their best to our collective success.

We actively support various sporting events and disciplines as a testament to our commitment. From golf tournaments to the World Rally Championship (WRC) and volleyball championships, we champion excellence, teamwork, and the pursuit of greatness. Together, we are building a vibrant future driven by our collective efforts.

Our culture remains dynamic and adaptive, aligning with our purpose and values. We actively promote employee advocacy, foster team building, facilitate enjoyable activities, encourage cross-functional collaboration, and integrate our purpose and values into every aspect of our organisation. This ongoing evolution of our culture aims to cultivate a workplace that fosters connectivity, inspiration, and recognition for our people. We firmly believe that a robust and inclusive culture is the bedrock for our future accomplishments as we continue to make meaningful impacts in the lives of our employees and the communities we serve.



“At the core of our culture is establishing a connected and cohesive team. We cultivate an environment that nurtures team building, fostering strong connections among all our employees who collaborate harmoniously to provide a seamless and engaging customer experience.”



Talent Management

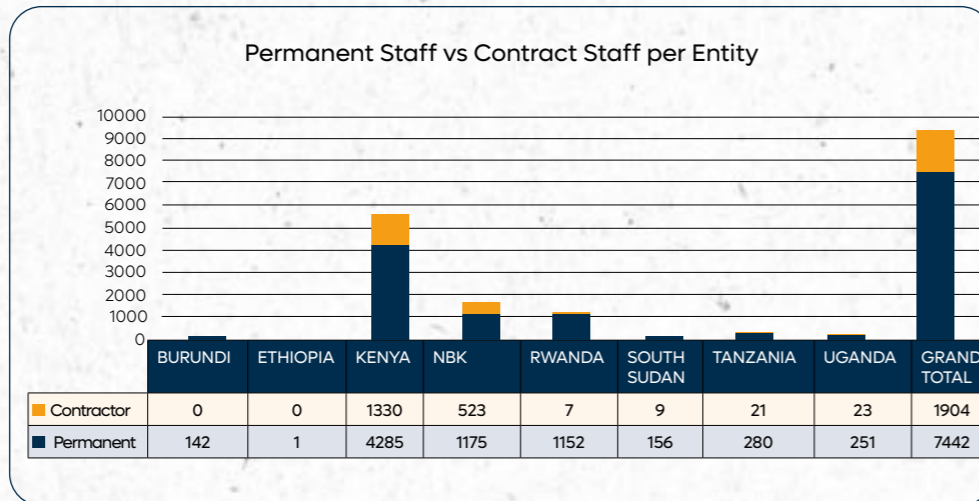
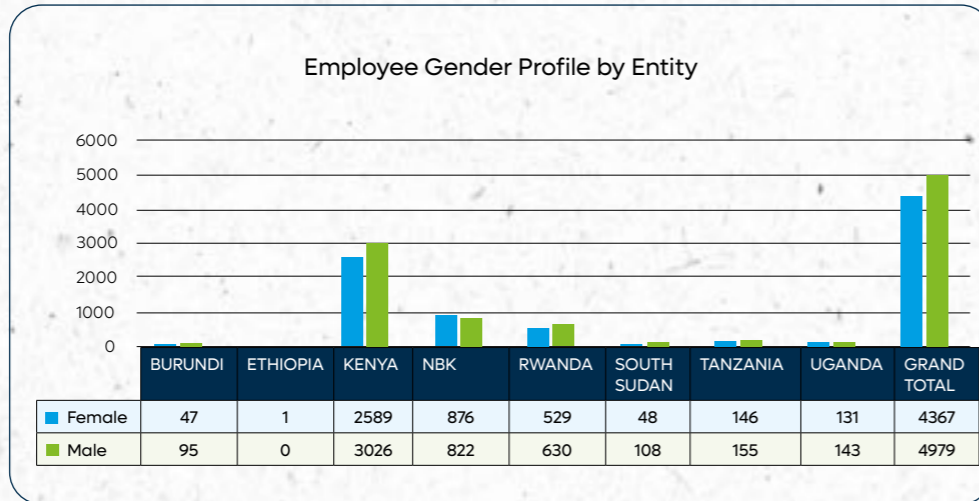
Workforce profile

The KCB Group has a total employee base of 11,098 people, 47% women and 83% permanently employed.

Most employees (78%) are based in Kenya, with Rwanda employing 12%. The age profile of the Group follows a traditional bell-shaped curve, indicating a good split between new, younger incumbents and older, more mature individuals who can provide mentorship and guidance to the younger team members. The bulk of employees, however, falls within the 31-40 year age bracket.



78%
Most employees (78%) are based in Kenya, with Rwanda employing 12%. The age profile of the Group follows a traditional bell-shaped curve, indicating a good split between new, younger incumbents and older, more mature individuals who can provide mentorship and guidance to the younger team members.



Diversity and Equity

The Group's Women in Leadership Network (WILN) programme identified 250 women in the organisation who were performing well and had the potential to move into the next level of leadership. Through mentorship and formal coaching sessions, these women were empowered to take up vacant leadership positions in the organisation. At each stage of the programme, each woman is engaged in areas that need specific development. They have access to senior leadership to further develop themselves through formal and informal mentorship sessions. Board members also engage with the women and provide encouragement and advice on progressing in their careers. After the year-long programme, they can apply their new skills in their work.

The results of this programme have been positive, with women stepping up to apply for vacant roles in the organisation. These women have begun to transition into senior positions in the organisation.

The Human Capital Management team actively tracks how many programme participants are being promoted yearly. Women who have participated in the programme, even if not applying for new roles, are noted to be taking up other roles in the organisation, providing them with additional visibility and giving them the courage and confidence to promote their views.

DIVERSITY – BOARD REPRESENTATION		
Subsidiary	Male	Female
KCB Bank Kenya	50%	50%
National Bank Kenya	83%	17%
KCB Bank Tanzania	57%	43%
KCB Bank South Sudan	100%	0%
KCB Bank Rwanda	75%	25%
KCB Bank Uganda	56%	44%
KCB Bank Burundi	67%	33%
KCB Bank DRC	100%	0%

DIVERSITY*	2021		2022	
	Male	Female	Male	Female
Male: Female Ratio	54%	46%	53%	47%
Management - male: female	2174	1556	2,657	1860
Non-management - male: female	1964	1939	2322	2507
Employee length of service - male: female	8.85	9	9.7	10.1
Senior management - male: female	75%	25%	67%	33%
Number of employees with disabilities	0.57%		0.64%	

* KCB Bank Kenya to showcase that these diversity numbers are solely for KCB Bank Kenya

While the male employee count within the Group experienced a slight decrease of 1%, the number of women employees increased by 1%. Overall, both genders experienced positive changes in their respective employee counts. Both male and female employees in management positions witnessed substantial growth. Male employees increased by 22%, while female employees saw a significant rise of 20%. In non-management roles, male and female employee numbers showed substantial growth, with males increasing by 18% and females by 29% year-on-year.

417 internal promotions undertaken in 2022, 41% of those promoted were women.

Diverse and inclusive workforce



Proportion of female employees: **47%**



Employees with disabilities: **36**

Loyalty and dedication are evident within our workforce, as male and female employees showcased a remarkable increase in their length of service. Males displayed a 10% growth, while females increased by 12%, highlighting the commitment of our employees, regardless of gender, to contributing to the Group's long-term success.

The senior management team saw a contrasting trend in gender representation, with a decrease of 11% among male employees and a remarkable increase of 32% among female employees. This shift highlights our commitment to fostering gender diversity and empowering women in leadership positions within the organisation.

Equal Pay

At KCB Group, all employees, regardless of gender, age, ethnicity, and other demographics, deserve fair and equitable compensation. Implementing robust policies and practices ensures that our remuneration structure is free from gender bias and promotes equal opportunities. We not only foster a culture of diversity and inclusion but also position ourselves as an employer of choice that values and supports the well-being and success of our employees.

All staff are fairly compensated and aligned with the required labour laws in the country. In addition, we are aligned with SDGs 5 and 8 on gender equality, decent work and economic growth, and the UNGC Principle 6. By adhering to these, we create a fair and inclusive workplace, promote sustainable economic development, and ensure that all employees have access to decent work opportunities.

Employee Benefits

Competitive remuneration packages are paid to all permanent and contract staff. The Group achieves this by conducting annual salary reviews to align employee remuneration with the market. Pay parity across the Group is, however, not tracked. This results from a benchmarking exercise undertaken whereby no major discrepancies were noted, except for the Kenyan operations due to long tenure periods.

In addition to competitive remuneration, various additional benefits are provided to staff, as summarised in the following table.

Benefits	Permanent staff	Contract Staff
Performance bonus	✓	✓
Medical aid	✓	✓
Pension	✓	
Workman's compensation insurance	✓	✓
Parental leave	✓	✓
Wellness programme	✓	✓
Preferential lending rates	✓	

Employee Turnover

Staff turnover figures have decreased following the high at the peak of the COVID-19 period in 2021. The staff turnover rate is below the sector benchmark, averaging 7-8% in 2022. There is an improvement of close to 1%-point year-on-year, which is encouraging.

“All staff are fairly compensated and aligned with the required labour laws in the country. In addition, we are aligned with SDGs 5 and 8 on gender equality, decent work and economic growth, and the UNGC Principle 6.”

	2020	2021	2022
Employee turnover rate	3.7%	6.9%	6%

Training and Development

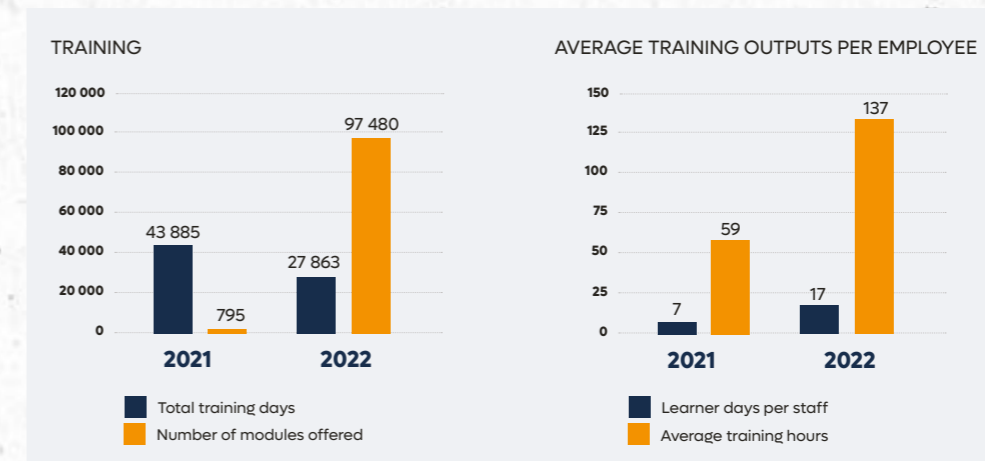
At KCB Group, we prioritise staff training and development as an integral part of our sustainability strategy. Recognising that our employees are the backbone of our organisation, we understand the importance of investing in their growth and empowering them with the necessary skills to navigate a rapidly evolving banking landscape.

Through our comprehensive training programmes, we aim to enhance the expertise and capabilities of our staff at all levels. We provide them opportunities to expand their knowledge, develop new skills and stay abreast of industry trends and best practices. By doing so, we ensure that our workforce remains adaptable, innovative, and well-equipped to meet the diverse needs of our customers.

Investing in our staff's professional development enhances their individual growth and strengthens the business. Highly skilled and motivated employees are better-positioned to deliver exceptional customer service, drive innovation, and contribute to our long-term success.

In line with this commitment, we have launched a range of initiatives throughout the year to foster skills across all Group levels. The results are a statement of our efforts, with a remarkable 232% increase in average training hours per employee compared to 2021.

“Investing in our staff's professional development enhances their individual growth and strengthens the business.”



In comparison to 2021, there was an increase in various training metrics:

- The number of training days increased by 66%
- There was an increase in the number of modules offered within the Group by 99%
- The number of learner days per staff increased by 57%
- The average number of training hours increased by 57%



Anti-money Laundering Training (AML)

As part of our commitment to sustainability and ethical business practices, the Group has prioritised implementing comprehensive anti-money laundering training for our staff. We recognise the serious risk of money laundering, including its potential negative impact on trust, social well-being and environmental sustainability.

By providing our employees with the necessary knowledge and tools to identify and prevent money laundering activities, we are contributing to a more sustainable and resilient financial sector. We are proud to report that 96% of our staff completed training.

This achievement reflects the Group's dedication to transparency, ethical behaviour and promoting a secure and sustainable economy for our stakeholders and the community.

Ethics

Ethics training holds the utmost importance as an integral part of our commitment to responsible business practices. We firmly believe that maintaining ethical behaviour is crucial for establishing and sustaining a responsible financial institution. Through our training initiatives, we empower our employees to effectively navigate ethical challenges, and foster a culture of integrity, transparency and accountability beyond mere regulatory compliance. Our focus as a Group extends to promoting fair business practices, upholding human rights and creating long-term value for all stakeholders. These principles align with the guiding principles of the United Nations Global Compact.

In 2022, we made significant strides in our ethics training efforts, with 96% of staff across various divisions completing an e-learning course on ethics. This achievement underscores the Group's commitment to equipping our employees with the necessary knowledge and skills to make ethical decisions and act per our shared values. By embracing these practices, we strive to create a positive impact within the Group and uphold our responsibilities to our stakeholders and the broader community.

Sustainability

At KCB Group, sustainability is integrated into our core business. Therefore, we strongly emphasise implementing comprehensive training programmes designed to cultivate a culture of sustainability. In 2022, 89% of staff were trained on Environmental, Social, and Governance, climate risk management and Environmental and Social Due Diligence against a target of 85%.



We firmly believe that maintaining ethical behaviour is crucial for establishing and sustaining a responsible financial institution.

Case Study



Through the training, Ms Catherine Muriithi understood what sustainability entails and why it is crucial today. She also developed practical skills related to conducting ESDD and monitoring assessments, which are essential for

assessing the environmental and social impact of projects.

Ms Muriithi expressed her appreciation for the training she received and acknowledged its positive outcomes. She stressed the importance of continuous learning and suggested providing more opportunities for staff to engage in international training programme.

This case study exemplifies KCB Group's commitment to nurturing its employees' knowledge and skills in sustainability. By providing comprehensive training programmes, the Group ensures that staff are well-equipped to understand and address sustainability challenges. The positive impact of the training on Ms Muriithi's understanding of the sustainability agenda demonstrates KCB Group's dedication to fostering a culture of sustainability within the organisation. It showcases how investing in staff training and follow-up measures contributes to the overall success of sustainability initiatives and reinforces KCB Group's position as a leader in sustainable practices.

Cyber Security

Throughout 2022, the Group took significant measures to strengthen cyber security by providing comprehensive training to our employees. These training programmes focused on raising awareness about potential threats and equipping our staff with the knowledge and skills to effectively identify and respond to cyber risks.

Awareness to staff was created through e-learning, workshops and webinars covering topics such as secure online practices, phishing prevention and data protection. By investing in cyber security, we aim to fortify our defences, maintain the integrity of our systems and ensure the trust and confidence of our customers in an increasingly digital landscape within the group.

Cyber security training initiatives align with the Group's commitment to client value and promote a secure business environment built on trust. By equipping our employees with the necessary knowledge and skills, we enhance our ability to safeguard sensitive client information and protect their interests. This, in turn, fosters a strong foundation of trust between the Group and our clients, which is crucial in maintaining long-term business relationships.

Data Protection Training

Data protection is a new programme added to the suite of training programmes offered to staff each year. This is as the Group seeks to align with the best practices and framework of the General Data Protection Regulation (GDPR) and the guidelines

“Throughout 2022, the Group took significant measures to strengthen cyber security by providing comprehensive training to our employees.”



Appraisals are based on a balanced scorecard approach. KPIs and career development objectives are determined at the beginning of each year, and the outcomes are tracked each quarter.

and best practices outlined in the Kenya Data Protection Act (2019). Initially, the programme was only offered to Department Heads to create awareness of newly promulgated data protection regulations. The programme is being rolled out to the rest of the organisation. These mandatory programmes are informed by regulatory requirements in our markets and the need to develop a sustainable business.

Business Community Management

We have implemented comprehensive training programmes to ensure operational continuity to enhance readiness and resilience. These initiatives equip our employees with essential skills to respond effectively to disruptions and recover from incidents. In 2022, we conducted business continuity training sessions focused on testing and validation of business continuity plans, emergency and communications plans. Our commitment to training is evident in the high participation rate, with 95% of our staff receiving the training, demonstrating our dedication to ensuring uninterrupted service and adaptability.

Ongoing Employee Support

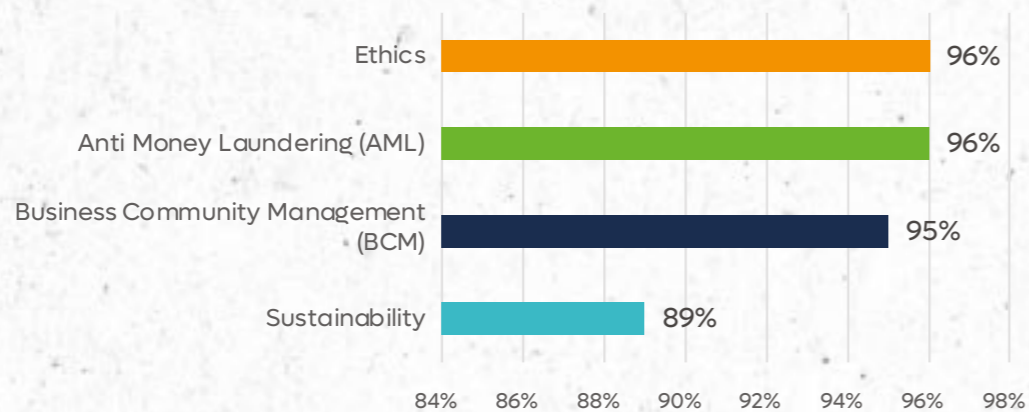
ESG-specific training is the responsibility of the Group Sustainability Manager, who works closely with the Human Resources department to roll out training modules to staff. In 2022, the focus was on upskilling staff on the Group's ESMS, specifically on performing ESDD.

External training is provided to employees based on specific career development needs. Performance targets are linked to key outcomes of this type of training provided.

Performance appraisals are undertaken quarterly for staff, informing individual career development plans. Appraisals are based on a balanced scorecard approach. KPIs and career development objectives are determined at the beginning of each year, and the outcomes are tracked each quarter. The targets set are closely aligned with the Bank's overall strategy, with key mandatory requirements included for tracking.

Succession planning is key to the long-term sustainability of the business. The Human Resources department continuously evaluates the need for succession planning. Conversations are had with key individuals, with successors identified in the organisation. In consultation with all parties, measures are put in place to develop the careers of each individual identified as a potential successor, with quarterly reviews held to track progress against this journey.

Training Themes: % Staff Reached Across the Group with Training



Grievance Mechanism

The KCB Group Harassment and Discrimination Policy is designed to create a work environment free from all forms of discrimination and harassment, including sexual harassment. It emphasises the importance of mutual respect, fairness, and dignity in the workplace. It applies to all employees within the Group, including managers, full-time and part-time staff, job candidates, contractors, and volunteers.

The policy lays out the fundamental principles, which include fostering a collaborative atmosphere for teamwork, guaranteeing that all employees can carry out their work without experiencing victimisation or abuse, promptly and confidentially addressing cases and adhering to legal and regulatory obligations.

Additionally, the policy highlights the specific duties and obligations of various stakeholders such as the Board, the HR Committee, the Executive Committee Country/Subsidiary Board, the Chief Executive, and the Subsidiary Managing Director in executing and supervising the policy. Additionally, the policy aligns with Principle 2 of the UNGC guiding principles, which promotes and upholds human rights within the workplace. We demonstrate our commitment to respecting and promoting equality and non-discrimination by aligning with this principle.

Our disciplinary and grievance handling policy ensures a fair and conducive work environment across the Group. We comply with statutory and regulatory requirements, providing comprehensive training to all employees. Disciplinary committees handle disciplinary issues, while disciplinary appeal committees hear appeals. Grievance handling committees address non-disciplinary grievances. We prioritise prompt and fair resolutions within 21 days. Roles and responsibilities are clearly defined, with oversight from the Board, HR Committee, EXCO, Country/Subsidiary Boards and HR. Our policy promotes mutual respect, continuous improvement and employee engagement.

“We prioritise prompt and fair resolutions within 21 days. Roles and responsibilities are clearly defined, with oversight from the Board, HR Committee, EXCO, country/subsidiary Boards and HR function.”





Sustainable Operations

Sustainable Operations

The KCB Group is deeply committed to sustainable operations, prioritising the minimisation of our environmental impact and responsible management of resources. This unwavering dedication is exemplified through the proactive initiatives spearheaded by our properties and facilities teams.

Our commitment to achieving Net Zero GHG emissions by 2050 includes our financing and operations. For this reason, the Group has set goals to reduce our operational footprint and integrate sustainable practices. Our internal goals are aligned with a pathway to limit global temperature rise to 1.5°C and cover greenhouse gas (GHG) emissions through proper energy use, water and fuel consumption.

To manage the various resources consumption, the Group has put in place water harvesting mechanisms and LED lighting with plans to install LED lighting to an additional 58 Bank branches, which resulted in 65% of our branch network having LED lighting in place.



Sustainable Sourcing: Procurement and Third-Party Contracting

At KCB Group, sustainability is at the core of our operations, and we recognise the critical role that sustainable procurement plays in achieving our environmental and social goals. By integrating sustainability into every step of our procurement process, we aim to promote ethical practices, reduce environmental impact, and contribute to the well-being of our communities.

We understand the importance of sustainable sourcing in minimising our environmental and social impact. Our sourcing strategy integrates sustainability considerations into supplier selection, emphasising responsible practices. We prioritise sustainable procurement practices with a specific focus on sourcing, procurement and third-party contracting with an approach encompassing supplier assessment,

implementing a Supplier Code of Conduct and fostering supplier collaboration.

We assess potential suppliers based on their environmental performance, labour practices, diversity and inclusion efforts, human rights record, and ethical conduct to ensure alignment with our sustainability goals. Our comprehensive Supplier Code of Conduct sets clear expectations for suppliers regarding environmental responsibility, labour standards, human rights, anti-corruption measures and ethical business conduct. All suppliers must adhere to this code, promoting sustainability throughout the supply chain. We prioritise strong relationships with suppliers through continuous dialogue and collaboration, fostering innovation, transparency, and responsible practices throughout the procurement process.

Our sustainable procurement practices encompass multiple aspects, promoting environmental and social responsibility. We incorporate sustainability criteria into our procurement processes, assess product life cycles, prioritise suppliers with sustainable packaging, and emphasise energy efficiency. These measures ensure that sustainability is a core consideration throughout our supply chain, driving positive environmental impact and responsible sourcing.

In recognising the significant impact of third-party contractors on our overall sustainability performance, we have extended our sustainable procurement practices to encompass their involvement. Our approach to sustainable third-party contracting entails comprehensive measures to ensure environmental and social responsibility. These measures include thorough supplier screening to assess the contractors' ESG performance and alignment with our sustainability goals.

Additionally, our contracts explicitly incorporate sustainability clauses and requirements that outline the contractor's responsibilities, such as adhering to the Supplier Code of Conduct and actively participating in sustainability initiatives. Regular monitoring of contractors' sustainability performance to ensure

accountability, including tracking progress against sustainability goals, performing audits and site visits, and implementing Corrective Action Plans (CAPs) for non-compliance. Furthermore, we prioritise capacity-building by providing training initiatives and sharing best practices to support contractors in enhancing their sustainability practices. This collaborative approach fosters a sustainable business environment and drives continuous improvement among our third-party contractors.

We have made significant progress in our sustainable procurement and sourcing journey. We have successfully integrated ESG considerations into our supply chain processes by prioritising sustainability at every step. We have promoted ethical practices, reduced our environmental impact, and contributed to the well-being of our communities. We are proud to share that approximately 46% of our suppliers have signed up for this code, demonstrating their commitment to sustainability. Moreover, 70% of our suppliers have adopted the UN Global Compact Code of Ethics, aligning with international standards.

We have taken steps to reduce our ecological footprint to address environmental concerns. We have implemented a Green Procurement Policy that encourages using environmentally friendly products and services. For instance, we have replaced plastic water bottles with piped water provision, eliminating single-use plastics in various KCB Bank branches and facilities. In 2022, we prioritised compliance by ensuring that all team members completed mandatory courses on sustainability awareness, anti-money laundering, ethics, business continuity management, and health and safety.

Through our sustained efforts in sustainable procurement, we remain committed to driving positive change, embracing responsible practices and creating a more sustainable future.



70% of our suppliers have adopted the UN Global Compact Code of Ethics, aligning with international standards.



Our commitment to achieving Net Zero GHG emissions by 2050 includes our financing and operations.

“ We understand the importance of sustainable sourcing in minimising our environmental and social impact.”

“ We have implemented a Green Procurement Policy that encourages using environmentally friendly products and services.”



51%
reduction
in water
consumption
across our
business
thanks to these
initiatives.

Sustainable Water Management

Sensor taps have been installed in some of the Group’s existing facilities and in all new branches in the last five years. Some branches like Keroka and Muhoroni have also installed water harvesting facilities. Preventative maintenance is routinely undertaken to minimise water leakages, closely monitoring water usage and installing water harvesting facilities. These initiatives have seen a 51% reduction in water consumption across our business. The total estimated water intensity per employee is currently 6,969 litres.

The largest contributor to these volumes is KCB Bank Kenya at 74%, followed by KCB Tanzania at 14%. It is expected that the data collected for the other subsidiaries is under-reported. As each subsidiary becomes familiar with the reporting systems implemented, data collected and reported should become more accurate and reliable, allowing for trend analysis, target setting and facilitating the achievement of further reduction. The total water consumption in 2022 was 77.3 million litres.



The table below summarises the percentage contribution by each subsidiary to this total, as well as year-on-year reduction in consumption achieved for each subsidiary.

Subsidiary Consumption	Consumption M ³	% Contribution to Total Water	% Change Year-on-Year
KCB Bank Tanzania	10,695,006	14%	88%
KCB Bank Uganda	20,5896	0.3%	24%
BPR Bank	65,047	0.1%	-9%
KCB Bank Burundi	6,142,308	8%	5%
KCB Bank South Sudan	3,067,981	4%	-4%
KCB Bank Kenya	57,164,535	74%	-24%
Total	77,340,773	100%	50.93%

* Data for NBK was collected from 2022; therefore, a comparison with NBK and TMB data will commence in 2023



11%
total energy
consumption
decreased across
the Group.

Energy Efficiency

Initiatives were implemented to reduce electricity usage. These include switching off lights at night and when spaces are not in use, installing LED lights across branches and implementing sensor lighting systems. Regular preventive maintenance of equipment has also been undertaken to improve efficiency on power consumption. The total energy consumption across the Group was 12.8 million Kilowatt-hours (KWh) in 2022. Due to the return-to-work initiative in 2022, total energy consumption decreased across the Group by 11%.

The contribution to the consumption per each subsidiary and the percentage change in consumption per entity is summarised as follows:

Subsidiary Consumption	Consumption KWH	% Contribution to Total Energy	% Change Year-on-Year
KCB Bank Tanzania	942,446	7%	11%
KCB Bank Uganda	595,126	-5%	-7%
BPR Bank	574,087	-4%	-6%
KCB Bank Burundi	339,884	3%	-1%
KCB Bank South Sudan	10,860	0.1%	527%
KCB Bank Kenya	10,298,690	81%	-24%
Total	12,761,093	100%	50.93%

* Data for NBK was collected from 2022; therefore, a comparison with NBK and TMB data will commence in 2023



The energy intensity rate of the Group equates to **1,150 kWh** per employee.



11.7%
increase in fuel consumption was noted year-on-year for the Group.

Efficient Fuel Usage

Measures have been implemented to reduce fuel consumption from vehicle use for business travel and generators. A concerted effort was made to hold online meetings to avoid travelling and using vehicles. The close monitoring of fuel usage helped to change behaviour across the Group. An automatic change-over switch for the generators was also implemented to avoid running generators while Kenya Power was transmitting power through the grid.

However, as employees are fully returning to the office and business travels are resuming, the Group has also noted the transition and increase in our fuel consumption. We continue to introduce initiatives to reduce the fuel generator consumption noted in several branches and plan to introduce solarisation for these branches.

Total fuel consumption for the year was 832,070 litres. The largest consumption was noted at KCB Bank Kenya, with KCB Bank South Sudan having the biggest year-on-year increase. An 11.7% increase in consumption was noted year-on-year for the Group.



The percentage contribution to the total fuel consumption and percentage change in fuel usage year-on-year per subsidiary are summarised as follows:

Subsidiary Consumption	Consumption Litres	% Contribution to Total Fuel	% Change Year-on-Year
KCB Bank Tanzania	70,493.48	8%	30.22%
KCB Bank Uganda	35,999	4%	74.12%
BPR Bank	54,122	7%	-13.81%
KCB Bank Burundi	46,080	6%	-6.71%
KCB Bank South Sudan	246,890	30%	47.20%
KCB Bank Kenya	378,486	45%	0.94%
Total	832,070.48	100%	11.69%

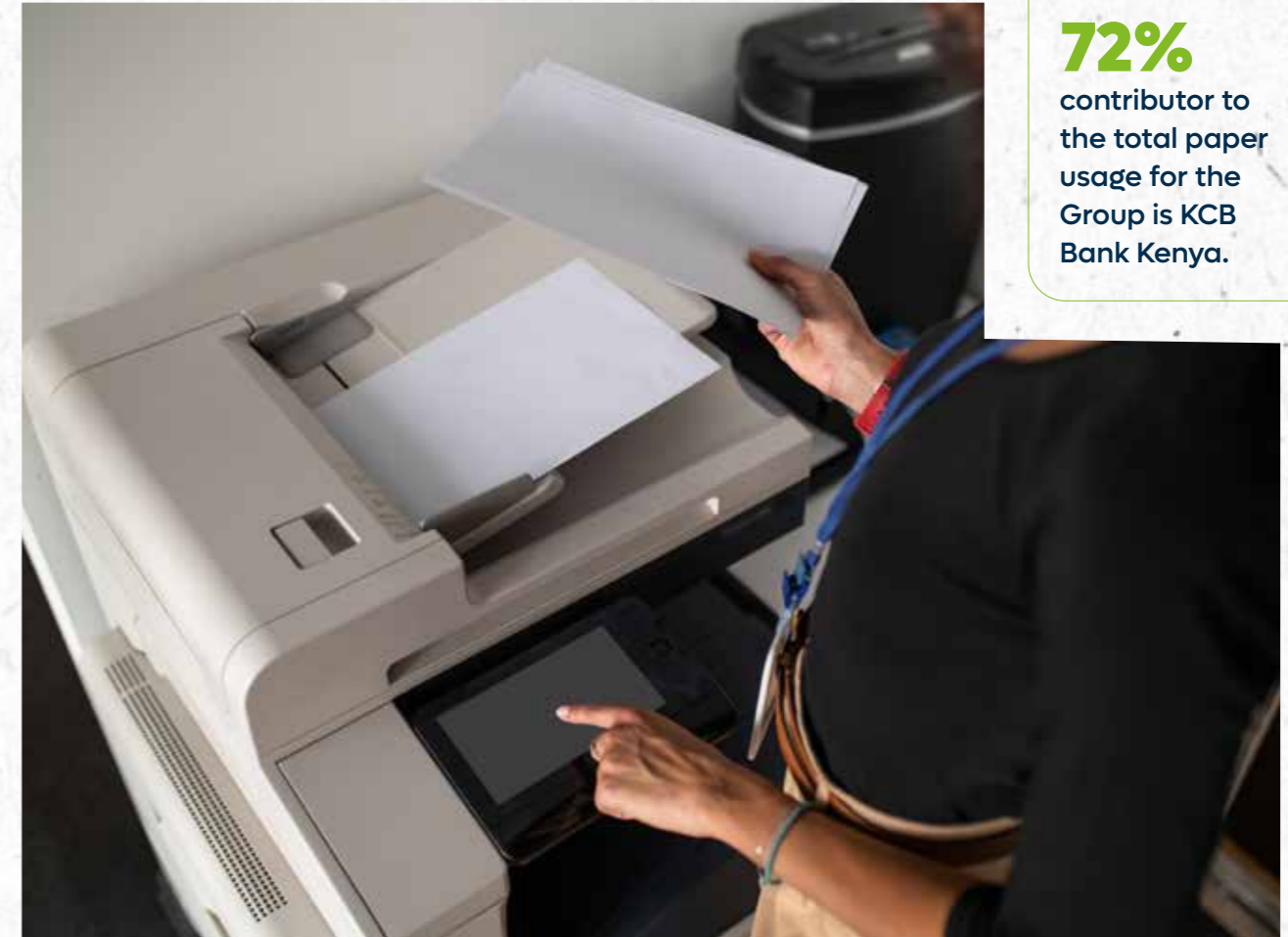
* Data for NBK was collected from 2022; therefore, a comparison with NBK and TMB data will commence in 2023

Efficient Paper Use

Reducing paper usage requires changing user behaviour. This is achieved through sensitising employees on the necessity to print. Installation of printers with a tracking mechanism further enables users to control the printing mechanism, with the option to delete any unwanted prints if required. KCB Bank Kenya is the main contributor to this total paper usage for the Group at 72%.



72%
contributor to the total paper usage for the Group is KCB Bank Kenya.



The following table summarises each subsidiaries contribution to this total. The table similarly summarises the percentage change in paper usage yearly per subsidiary:

Subsidiary consumption	Consumption Reams	% Contribution to Total Paper	% Change Year-on-Year
KCB Bank Tanzania	3,109.20	7%	29.23%
KCB Bank Uganda	5,815	13%	144.32%
BPR Bank	1,621	4%	-18.91%
KCB Bank Burundi	1,392	3%	193.05%
KCB Bank South Sudan	505	1%	-69.38%
KCB Bank Kenya	31,292.49	72%	-2.20%
Total	43,734.69	100%	4.06%

* Data for NBK was collected from 2022; therefore, a comparison with NBK and TMB data will commence in 2023

Target



5%
decrease yearly
of the Group's
total carbon
footprint.

Carbon Footprint

The Group's total carbon footprint has decreased by 5% yearly. This is directly related to the decrease in Scope 2 emissions. Scope 1 and 2 emissions were calculated for the Group, which include the following:

- **Scope 1 emissions** represent CO₂ equivalent emissions due to fuel use in vehicles and generators.
- **Scope 2 emissions** represent CO₂ equivalent emissions due to grid energy consumption.

Scope 3 emissions have not yet been estimated. This requires the assessment of emissions in the business supply chain as linked to lending activities. These are in the process of being estimated for inclusion in future reports.

The total GHG intensity is estimated at 699.1 kgCO₂eq/staff. The total tonnes of CO₂ equivalent emissions are summarised as follows:

Description	Tonnes CO ₂ Equivalent		% Change Year-on-Year
	2021	2022	
Scope 1	1,721	1,922	12%
Scope 2	4,546	4,050	-11%



Focus Areas for 2023



AIM

Progress solar installation project in select premises to guarantee power availability.

The Bank shall install power backup inverters in select branches to ensure power availability and reduce reliance on generators and diesel usage.

The Bank will continue with the LED light installations in branches to achieve its 60% target coverage.





MIN

RISK

Risk
Management

Risk Management

The Group's business activities involve the management of financial and non-financial risks. The key financial risks managed are credit risks, integral to the Group's core business, and market and liquidity risks.

In addition to financial risks, the Group's activities pose 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 risks; compliance risks; legal risks; reputational risks; strategic risks; model risks; environmental risks; conduct risks and macroeconomic risks.

KCB's risk management strategy involves maintaining the Group's stability and achieving 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 activities.

The risk management framework includes mechanisms for identifying and estimating risks, defining the corporate structure and areas of responsibility for managing risk, and putting adequate control and reporting mechanisms in place. 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 the execution of approved policies on a quarterly basis. The Board is trained on cyber security and anti-money laundering issues every year.

Risk appetite in 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 Group's risk appetite statement covers the scope and types of aggregate risk the Bank is willing to take to achieve its business goals. The Board of Directors establishes the risk appetite framework, considering the senior management's recommendations. The risk appetite is translated into targets and limits for the business lines. The risk appetite document also establishes the roles and responsibilities of the Board of Directors and senior management in formulating the risk appetite statement.

Sustaining Ethics

The KCB Group recognises its important role in the economy and the high 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.



“KCB's risk management strategy involves maintaining the Group's stability and achieving its business objectives.”

In line with this, the Group has a documented Code of Ethical Conduct stipulating 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, 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, internally and externally, which present matters requiring review. The Group's strategic thrust into the digital arena culminated in enhanced ethics awareness initiatives to sustain best-in-class ethical conduct and reinforce ethical obligations to all staff.

The Head of Compliance and Ethics, reporting to the Group Chief Risk Officer, acts as the Group's designated shared services focal point for ethics and is a key contact for advice and support for 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 KCB Group and across all territories we operate. In addition, staff also rely on the support of the line management.

Data Management

Data is critical in delivering services and innovation development at KCB Group. Data protection laws have led to a dynamic shift in how corporations interact with personal data, which involves enhanced control by data subjects over their data and legal obligations to personal data handlers. KCB Group is dedicated to responsibly handling personal data and ensuring the rights of data subjects are upheld across all its operations.

Data Protection and Privacy by KCB Group

Data protection and privacy legislations have been promulgated in several jurisdictions where the KCB Group has its footprint, including Kenya, Uganda, Rwanda and, most recently, Tanzania. Data protection is a sensitive compliance requirement, and there have been dedicated efforts to protect its stakeholders' privacy rights and

adherence to the respective in-country data protection laws.

The KCB Group has developed a data protection compliance framework to guide the implementation of data protection, privacy and standards alignment across all its operations. The KCB Group Data Protection and Privacy Policy, and specific in-country data protection legislations, provides a baseline that governs the management of personal data by the KCB Group. KCB Group's Privacy Statement outlines how KCB Group protects the personal data it processes, why and how the Bank collects and uses personal data, and how data subject rights can be exercised concerning processing personal data.

A Data Protection Officer (DPO) was appointed to lead KCB's data protection compliance efforts. The KCB Data Protection Office is responsible for ensuring that KCB processes the personal data of its staff, customers, providers, or any other stakeholders, in compliance with the applicable data protection regulations. The DPO's Office also oversees compliance with the KCB Group Data Protection and

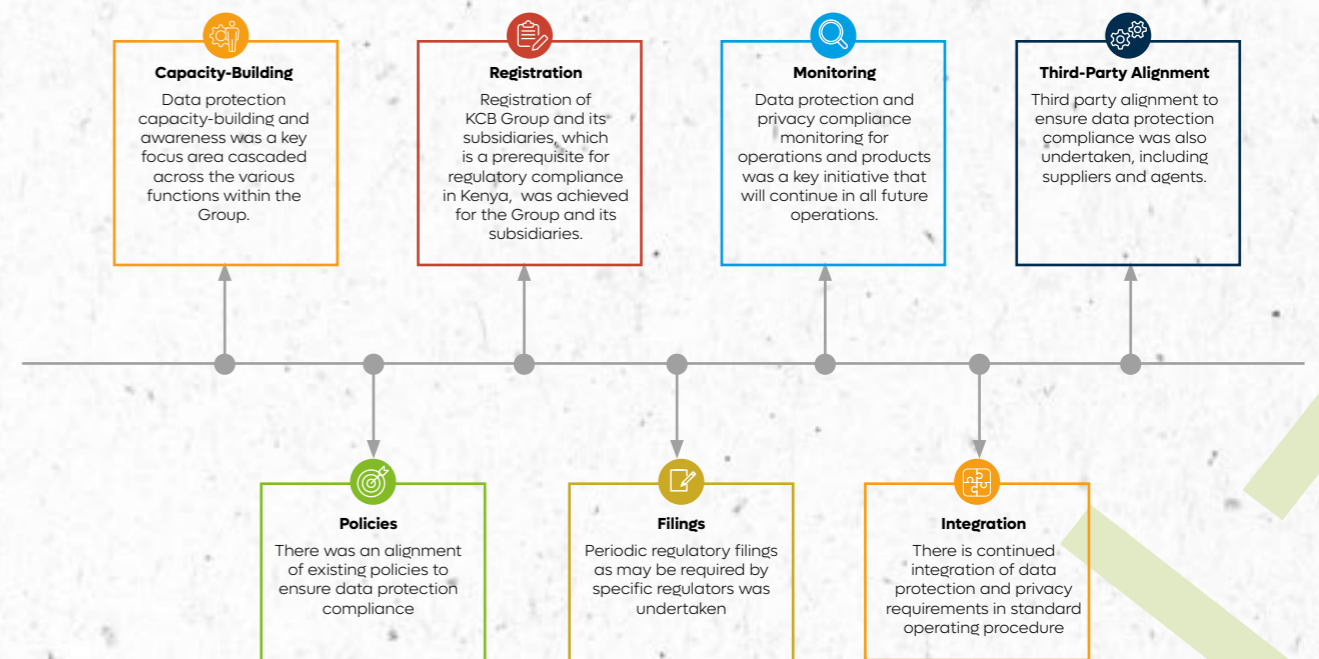
Privacy Policy, which is a key guide in ensuring compliance standards across the Group.

Principles of Data Protection

There have been dedicated efforts to ensure the embedding of data protection principles in operations. These include integrity and confidentiality; lawfulness, fairness and transparency; purpose limitation; data minimisation; accountability; storage limitation and alignment with cross-border data transfer regulatory obligations.

Data Subjects Rights

The KCB Group is dedicated to ensuring that the rights of data subjects are upheld in all operations and continues to build a robust framework to ensure compliance. There is also an appreciation that data protection is a key reputational risk. This can be mitigated by providing data subject rights management and compliance responsibility.



In 2022, the Office of the Data Protection Commissioner in Kenya began its regulatory enforcement activities, marking a significant milestone in the region's data protection maturity. This development emphasises the importance of complying with data protection regulations and reinforces the need for organisations to prioritise data protection measures and ensure compliance.

A key focus for the next financial year includes the continued awareness cascaded to all stakeholders, focusing on employees and third parties within the Group ecosystem, increased technical compliance across all operations and compliance monitoring.

Policies and Code of Conduct

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

Ethical Conduct

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

Whistleblowing and Grievance Mechanism

The KCB Group has zero tolerance for fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, directors, customers, and contractors. The KCB Group is committed to a culture that encourages all people to speak up about conduct or issues that concern them. The KCB Group whistleblower programme encourages reporting of any wrongdoing in a way that protects and supports whistleblowers. Additionally, the Group has an internal grievance mechanism to ensure staff can be open and transparent on key issues without fear or discrimination. The platform aims to ensure that accountability is entrenched at all levels of the organisation. The internal and external 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:

The communication channels are supported and monitored independently by Deloitte, details of which are provided below:

Telephone Communication:

Toll free number: **0800 720 990 (Kenya)**

Toll free number: **0800 110 025 (Tanzania)**

International calls: **+27 315 715 795 (Uganda, South Sudan, Rwanda, Burundi and DRC)**

Web link: **kcb@tip-offs.com**

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 discloses 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 member reports a harassment concern:



“The KCB Group has zero tolerance for fraud, corrupt conduct, bribery, unethical behaviour, legal or regulatory non-compliance or questionable accounting or auditing by employees, directors, customers, and contractors.”



Our Response
to TCFD Disclosures
**Climate Risk
Management**

Our Approach to TCFD Disclosures – Climate Risk Management

In 2022, the Group embarked on a journey to align its practices to address risks and opportunities brought about by climate change within its markets. We are cognisant of the impact of extreme weather events that continue to threaten human lives and livelihoods. Prolonged droughts and devastating floods have resulted in tragic consequences, drawing increased attention from regulators requiring financial institutions to address these risks in their lending practices.

CBK and BOT published guidance on Climate-related Risk Management in 2021 and 2022. The Group has initiated the process of aligning its approach to lending, taking into account protocols required to manage climate risk across its portfolio. The approach taken by the Group was based on the Task Force on Climate-related Financial Disclosure guidelines, which allow for the effective management and mitigation of climate-related risks through integration of risk management protocols into business decision-making processes and operations. To achieve this transition, the Group developed a structured, measurable and transparent roadmap to track the roll out of its implementation plan.

This section of the report summarises our progress and vision toward incorporating climate risk and opportunity identification into the Group's overall business strategy and disclosure efforts. Therefore, this presents an important step upon which we envision continuing to build and expand our understanding of climate risks and opportunities moving forward.

The Group's approach to tackling this agenda is highlighted below as achievements realised in 2022 and activities currently underway in 2023.

“The Group has initiated the process of aligning its approach to lending, taking into account protocols required to manage climate risk across its portfolio.”

Done in 2022	To Be Undertaken in 2023
Define climate risks and opportunities for the Bank.	Undertake a climate risk and vulnerability assessment.
Undertake a gap analysis of policies, processes and structures.	Undertake scenario planning.
Develop a climate strategy.	Facilitate the implementation of the strategy.
Training and learning.	Undertake training and learning in areas tackling climate risk management.
Set metrics and targets, allowing the realisation of the strategy.	Currently, the Group has targets and metrics to address green lending, resource consumption and responsible lending. In 2023, we plan to have targets and metrics to address Scope 3 emissions, climate stress test and scenario planning.



Risks and Opportunities Defined

For the Group to adequately manage climate-related risks, in 2022, we integrated climate-related matters into our overarching risk management framework. In 2023, the Group plans to conduct climate scenario analysis and stress testing to enable the Group to refine their risk identification and management measures. The Bank has taken the following steps to entrench the Bank's climate risk management strategy:



The Bank's environmental and social risk governance standard sets out the Group's environmental and social risk management framework, which provides for the governance, identification, measurement, management and reporting of the risks associated with the Group's financing and investment activities. The standard is supported by the Group's Credit and SEMS policies, which detail how the framework should be implemented.

The KCB Group Enterprise Risk Management (ERM) framework was revised in August 2022 to incorporate climate-related risk as a principal risk.

Currently, the Bank identifies its environmental and social risks through the environmental and social due diligence exercise carried out before issuing each loan, which further protects clients from physical climate risks. This approach applies to all Group entities and are primarily applicable to the businesses, and commercial and corporate clients for all loan facilities above KShs. 50 million. The existing ESDD tool was enhanced to include additional climate-related aspects. These updates were reviewed by the Bank's Executive Committee in July 2022 and approved in December 2022 by the Audit and Risk Committee. This approach is further strengthened by the Group's adopted exclusion list, which limits exposure to high carbon-intensive projects, including coal and upstream oil activities.

In future, the Group plans to integrate methods of identifying transitional risks across its portfolio, which will further aid in de-risking the loan book.

The Bank continues to engage various partners on climate risks and opportunities to facilitate this process. These include:



For the Group's operational exposures to climate risk, we continually monitor our carbon footprint reported as Scope 1 and Scope 2 and set internal resource use

“For the Group to adequately manage climate-related risks, in 2022, we integrated climate-related matters into our overarching risk management framework.”



ESG
KCB Group Board has oversight of Environmental, Social, and Governance matters.

targets. We aim to further reduce our footprint through the integration of sustainable practices.

Gap Analysis on Climate Risk Management

Before establishing a climate risk management action plan, it was important for the Bank to carry out a gap analysis to evaluate and understand its climate risks and the best approach to managing these risks. Gaps identified were closed, addressed in part through a focus on the improvement of governance processes.

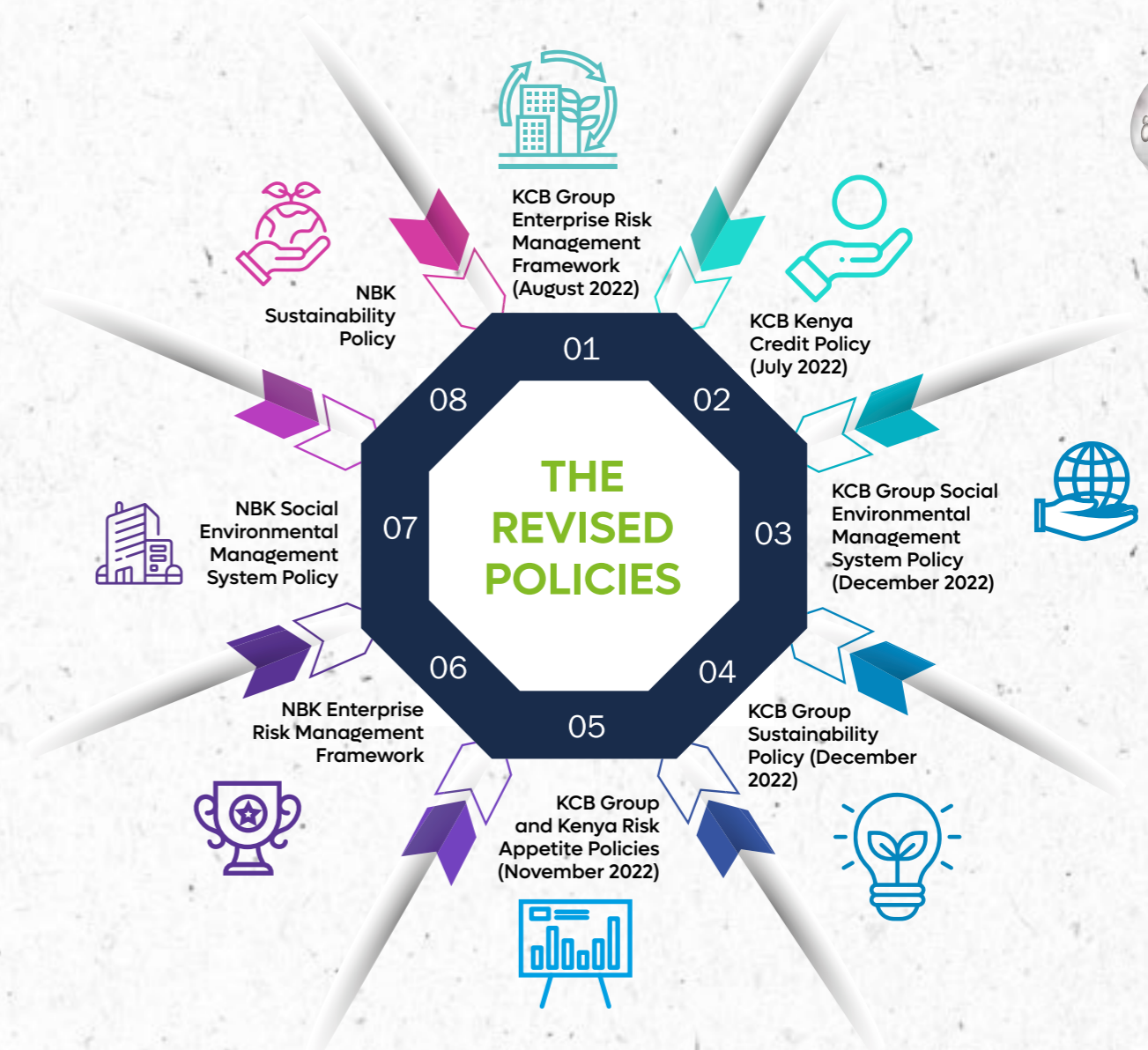
KCB Group Board has oversight of Environmental, Social, and Governance matters. The mandate of the Group Board was expanded through Board committees with an express mandate to address climate-related risks and define the roles and responsibilities of key stakeholders in this regard. The KCB Group Audit and Risk Committee, KCB Kenya Board Risk Committee and NBK Risk Board charters have been



- Ensures alignment between group strategy and sustainability commitments
- Approval of Group SEMS, Credit and Sustainability policies



updated to include the Board's mandate on Environmental, Social, and Governance (ESG) considerations. The Group also revised eight key policies to enhance climate-related risk management. These updates included revision of roles and responsibilities for respective business units on climate risk issues. This was to strengthen the management of climate-related risks across the Group. The revised policies included:



The Bank has revised its ESMS to enhance the identification of climate risks from a financing perspective.

To ensure the Board's capability in ESG considerations, the Group Board participated in several training sessions focused on climate risk management. Subsidiary Boards at the country level also held training sessions on climate risk.

The Executive Committee (EXCO) must regularly report to the Group Board on progress made against climate commitments and targets. Once the portfolio analysis and scenario planning has been undertaken for the various subsidiaries, feedback will be provided allowing decision to be made on additional climate-related risk factors that need to be mitigated.

Strategy Development

The Group's strategy of Beyond Banking focuses on delivering exceptional customer experience and driving a digital future. This is underpinned by the Bank's ability to drive business growth whilst protecting the environment and society. To address the various climate change challenges, the Group backs a just transition that will support our clients whilst achieving the environmental concerns in a manner that leaves no one behind. For the Group, this means a strategy that will create decent work opportunities, social inclusion, address East Africa's energy poverty, acknowledge East Africa's negligible historical contribution to global emissions and a science-based understanding of developments in the energy mix.

Following the TCFD framework, the Group focused on ensuring its strategy adequately considered climate-related risks. This was demonstrated through efforts made to reduce the Group's contribution to climate change through lending. For this, the Group has set goals linked to the Bank's green strategy ambitions, addressing climate vulnerabilities identified by financing climate-positive projects.

Training and Learning

To support broader group-wide awareness of the emerging climate risk management issues, the sustainability and risk departments held several climate-risk sessions with employees in 2022 to raise awareness of the expectations of the Central Bank of Kenya, and the Bank of Tanzania published climate risk guidelines. This helped keep staff abreast of regulatory developments, investor expectations and Group commitments.

In 2022, the Group intentionally ran training and capacitation activities to facilitate the implementation of the Bank's climate risk strategy. The training rolled out included the following key aspects:

- Green finance training, which was conducted in March 2022.
- Climate risk and opportunities training for various staff across KCB Kenya, which was conducted in May 2022.
- An e-learning programme on sustainability, which included a climate risk module,



3,500

staff have been trained to date on climate-related risk factors.



was developed and launched on the Bank's e-learning platform in September 2022. The course was mandatory and was undertaken by all KCB staff. To date, this sustainability e-learning has been undertaken by 89% of Group employees.

- To extend levels of awareness to climate change outside of the organisation, the Bank held a customer engagement forum on sustainable manufacturing in April 2022. This forum aimed to facilitate the scaling up of manufacturing entities aligned to the development of a Sustainable Economy.
- Ongoing awareness raising across the Group, is facilitated through the establishment of sustainability champions, stationed across the various departments, branches and subsidiaries. Constant engagement with employees took place using our champions broadening employee understanding of climate risk management. Over 200 employees have undergone climate risk and opportunities training to date.

Metrics and Targets

The following KPIs and KRIs have been defined to manage climate risk at the Bank:



Green lending target as % of portfolio



Operational carbon footprint reduction target

The current green lending target is 25% of the portfolio. This target is to be achieved by 2025. This target not only applies at Group level but is also measured at subsidiaries and divisional level. This green lending target is further cascaded across individual score cards to ensure ongoing focus on implementation and achievement of this goal. As we progress into the future, the Group is keen to set up enablers to support this agenda to maximise the opportunities for success. This will further facilitate the achievement of the Group's commitment to attaining Net Zero emissions by 2050. As members of the Net Zero Banking Alliance, our Net Zero ambitions not only focus on reducing the Bank's direct and indirect contributions to climate change, but is also helping to reduce levels of credit risk for the Group.

An annual operational carbon footprint reduction target for 2022 was set at 5%, which was achieved.

Future reductions of 5% per annum have been set. This is expected to be achieved

<p>Adoption of LED lighting retrofits</p>	<p>Branch solarisation</p>	<p>Implementation of sensor taps</p>	<p>Automation of processes to reduce paper use</p>	<p>Installation of solar and inverters to protect ICT systems from power surges and ensuring the provision of adequate clean power, reducing the use of diesel in on-site generators</p>
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12.3%

Size of KCB Group green lending portfolio as of December 2022.

through the implementation of various initiatives, namely:

The Bank is constantly monitoring its levels of climate financing and carbon footprint. Once all systems are implemented this will allow future reporting on the following by the Group:



A close-up photograph of a person's hand holding a black pen and using a white calculator on a desk. The background is blurred, showing a laptop and a window with light coming through. A green leaf-patterned banner is overlaid on the right side of the image.

Tax Management

Our Approach to Tax

As a leading financial institution, KCB Group is committed to fully complying with the Kenyan and its operating markets' tax laws and fully disclosing our statutory obligations to tax authorities. The Group conducts business in eight jurisdictions and maintains strong review and escalation processes that enable us to adhere to high compliance standards with applicable tax laws. We are a current income taxpayer, both within and outside Kenya, which has propelled the growth of several economies in the region.

The Group is keen to incorporate tax transparency, also aligning to reporting standards and frameworks, both mandatory and voluntary, such as GRI 207 on tax disclosures and the global sustainability standards. We acknowledge the vital role that tax contributions have on sustainable development, which is key to meeting the UN Sustainable Development Goals. As such, the Group has in place a dedicated Tax Strategy and Tax Risk Management Policy. For the Group, tax is material regardless of our footprint, as taxes are important to stakeholders.

The Group ensures that, as a business, we have the mechanisms in place to adhere to these principles and provide relevant training and opportunities for employees to raise any issues of concern confidentially, consistent with the Group's Code of Ethical Conduct.

The Group is also a member of the B Team Responsible Tax Principles. Through these established principles, the Group approaches taxation in a manner that we endorse to demonstrate responsibility and play our part in creating a stable and sustainable society. As a global leader, being part of the B Team assists our ambition to lead a drive towards fairer, more transparent tax systems supported and upheld by business. The Group endorses these principles that look to cover accountability & governance, compliance, business structure, relationships with tax authorities, seeking & accepting tax incentives, supporting effective tax systems and transparency.

“The KCB Group Board is responsible for the Group's tax matters and governance, including oversight of reporting on income, tax expenses and the management of tax risk.”

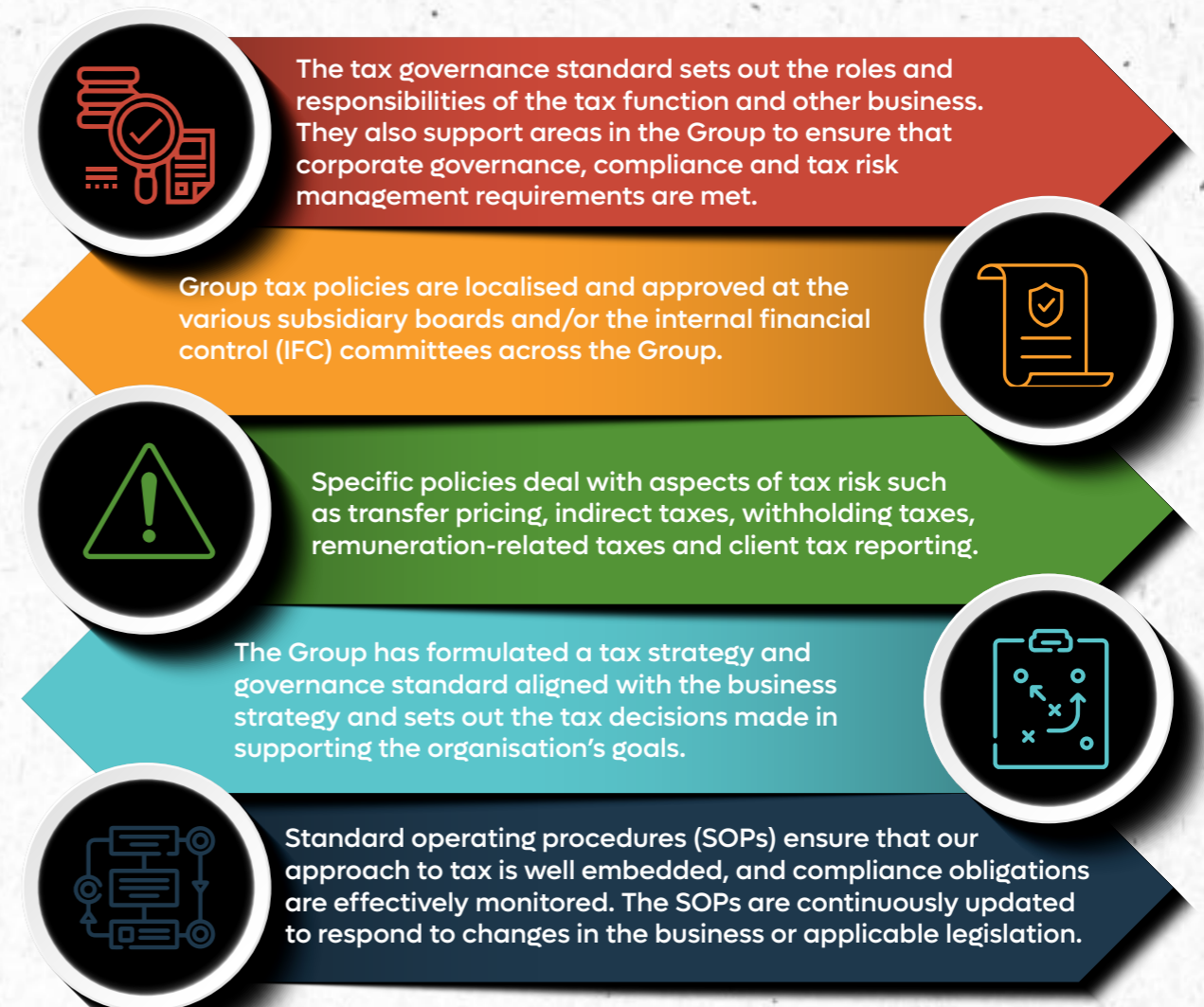


Board Responsibility

The KCB Group Board is responsible for the Group's tax matters and governance, including oversight of reporting on income, tax expenses and the management of tax risk. This responsibility is delegated to the Group Audit and Risk Committee, which approves the Group's tax strategy and governance standard and directs our approach to tax matters.

Executive Responsibility

The Group Director, Finance, is responsible for executing the mandate from the Board.



The Group is committed to the following fundamental principles in matters related to tax:



Compliance

- The Group is committed to ethical outcomes and accurate, transparent and timely compliance with the tax laws of the countries where we operate.



Shareholder value

- We maximise sustainable shareholder value by undertaking legitimate and responsible tax optimisation in line with the spirit and purpose of complying with all relevant laws, rules and regulations.



Tax planning

- We engage in transactions that have commercial, economic and shared value substance and do not carry the prospect of material reputational risk.



Prevention of the facilitation of tax evasion

- The Group has no tolerance for any of its employees or any person or entity acting on its behalf to be involved in or implicated in any way in bribery or any corrupt practice, including the facilitation of tax evasion.



Group's engagement with tax authorities

The Group is committed to fostering transparent, constructive and cooperative relationships based on open and honest disclosure and building sustainable relationships with tax authorities. As such, the following activities have been carried out in 2022:

- Continuous engagements to facilitate open and early dialogue with tax authorities regularly to discuss relevant tax matters and achieve certainty, where possible, over tax positions.
- Attendance of workshops facilitated by the regulators and other industry players to engage in policy and technical amendment to tax laws.

Group-wide tax contributions



Principles for Responsible Banking (PRB)

In 2019, the Bank embraced the PRBs (Principles for Responsible Banking), setting off a transformative journey. Since then, the Bank has been diligently reconfiguring its operations, aligning with top-tier global practices. This dedicated effort is aimed at empowering the Bank to effectively realize its SDG (Sustainable Development Goals) targets within the given timeframe of 2030.

Find [here](#) the full details of our PRB report.

The PRB Principles	Our Commitment	Our Initiatives
Alignment	We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	We have diligently aligned our operations with the six core principles of the PRBs. To complement our sustainability KPIs, we are committed to the achievement of the United Nations Sustainable Development Goals (SDGs). In 2022, we expanded our priority focus to 12 SDGs, up from the previous nine that were directly related to our company's business strategy in the previous year.
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.	To ensure effective implementation of our adopted SDGs and alignment with the Environmental, Social, and Governance (ESG) framework, we have developed a robust SDG tool. This tool serves as a valuable resource for tracking, measuring, and setting targets related to our SDGs. The tool helps collect data to establish if our targets have been met, produce progress reports, and identify gaps and key areas of improvement. This system has helped us to remain accountable for every SDG we have adopted.
Clients and Customers	We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	To comprehensively manage environmental and social risks, we conduct qualitative visits to clients, establishing their E&S risk profile. We also assess emissions in our operations and throughout our clients' supply chains, aligning with responsible lending practices.
Stakeholders	We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	We actively raise awareness among all stakeholders within our Group ecosystem. Our focus is on shareholders, employees, customers, suppliers, communities, and governments. Through enhanced technical compliance and diligent monitoring, we strive to create value for all, fostering a culture of compliance to generate positive outcomes.
Governance & Culture	We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	To integrate Environmental and Social Governance practices throughout the Group, the Bank conducted engagements with business teams in the subsidiaries with the intention to have sustainability initiatives implemented uniformly across the Group.
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.	We annually report on our sustainability initiatives, adhering to the updated GRI standards, Principles for Responsible Banking, IFC Performance Standards, and the Companies Act 2015. To ensure credibility, our 2021 sustainability report was independently assured by a trusted third-party. This rigorous process reinforces our dedication to providing accurate and reliable information to our stakeholders.

GRI Content Index

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI General Disclosures					
GRI 102 Organisational Profile	Disclosure 102-1	Name of the organization	About this report	Pg 4	
	Disclosure 102-2	Activities, brands, products, and services	About Us	Pg 10	
	Disclosure 102-3	Location of headquarters	About Us	Pg 10	
	Disclosure 102-4	Location of operations	About Us	Pg 10	
	Disclosure 102-5	Ownership and legal form	About Us	Pg 10	
	Disclosure 102-6	Markets served	Regional Presence	Pg 16	
	Disclosure 102-7	Scale of the organization	Regional Presence	Pg 16	
	Disclosure 102-8	Information on employees and other workers	Regional Presence	Pg 16	
	Disclosure 102-9	Supply chain	Stakeholder Engagement	Pg 70	
	Disclosure 102-10	Significant changes to the organization and its supply chain	Driving Efficiency and Optimal Use of Resources	Pg 127	
	Disclosure 102-11	Precautionary Principle or approach	Sustainability Considerations	Pg 14	
	Disclosure 102-12	External initiatives	KCB Foundation	Pg 108 -123	
	Disclosure 102-13	Membership of associations	Banking Subsidiary Achievements 2022	Pg 20 - 32	
County and private sector partnership initiatives			Pg 111		
GRI 102 Strategy	Disclosure 102-14	Statement from senior decision-maker	Our Leadership	Pg 34-39	
	Disclosure 102-15	Key impacts, risks, and opportunities	Created Value	Pg 92-107	
GRI 102 Ethics and Integrity	Disclosure 102-16	Values, principles, standards, and norms of behavior	Overview	Pg 18 - 19	
	Disclosure 102-17	Mechanisms for advice and concerns about ethics	Risk Management	Pg 155-161	
GRI 102 Governance	Disclosure 102-18	Governance structure	Governance and Integrity	Pg 36-39	
	Disclosure 102-19	Delegating authority	Governance and Integrity	Pg 36-39	
	Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	Governance and Integrity	Pg 36-39	
	Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	Pg 74-79	
	Disclosure 102-22	Composition of the highest governance body and its committees	Governance and Integrity	Pg 36-39	
	Disclosure 102-23	Chair of the highest governance body	Governance and Integrity	Pg 36-39	

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission	
GRI 102 Governance	Disclosure 102-24	Nominating and selecting the highest governance body	Governance and Integrity	Pg 36-39		
	Disclosure 102-25	Conflicts of interest	Polices and codes of conduct	Pg 41-43		
	Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	Governance and Integrity	Pg 61-67		
	Disclosure 102-27	Collective knowledge of highest governance body	Governance and Integrity	Pg 61-67		
	Disclosure 102-28	Evaluating the highest governance body's performance	Governance and Integrity	Pg 61-67		
	Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Material topics	Pg 74 -85		
	Disclosure 102-30	Effectiveness of risk management processes	Risk Management	Pg 155-161		
	Disclosure 102-31	Review of economic, environmental, and social topics	Material topics	Pg 74 -85		
	Disclosure 102-32	Highest governance body's role in sustainability reporting	Governance and Integrity	Pg 61-67		
	Disclosure 102-33	Communicating critical concerns	Polices and codes of conduct	Pg 160		
	Disclosure 102-34	Nature and total number of critical concerns	Polices and codes of conduct	Pg 160		
	Disclosure 102-35	Remuneration policies	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,		
	Disclosure 102-36	Process for determining remuneration	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,		
	Disclosure 102-37	Stakeholders' involvement in remuneration	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,		
	Disclosure 102-38	Annual total compensation ratio	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,		
	Disclosure 102-39	Percentage increase in annual total compensation ratio	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,		
	GRI 102 Stakeholder Engagement	Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement process	Pg 68 -72	
		Disclosure 102-41	Collective bargaining agreements	Stakeholder Engagement process	Pg 68 -72	
		Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement process	Pg 68 -72	
Disclosure 102-43		Approach to stakeholder engagement	Stakeholder Engagement process	Pg 68 -72		
Disclosure 102-44		Key topics and concerns raised	Stakeholder Engagement process	Pg 68 -72		

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 102 Reporting practice	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 74-85	
	Disclosure 102-47	List of material topics	Material topics	Pg 74-85	
	Disclosure 102-48	Restatements of information	Integrated Report 2022	Pg 246	
	Disclosure 102-49	Changes in reporting	About this report	Pg 4 -7	
	Disclosure 102-50	Reporting period	About this report	Pg 4 -7	
	Disclosure 102-51	Date of most recent report	About this report	Pg 4 -7	
	Disclosure 102-52	Reporting cycle	About this report	Pg 4 -7	
	Disclosure 102-53	Contact point for questions regarding the report	About this report	Pg 4 -7	
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	About this report	Pg 4 -7	
	Disclosure 102-55	GRI content index	GRI content index Table		
Disclosure 102-56	External assurance			This report has not been assured	
Material Topics- 200 series (Economic topics)					
GRI 103 Management Approach (2016)	Disclosure 103-1	Explanation of the material topic and its Boundary	Environmental stewardship	Pg 42-57	
			Operational excellence - Approach to Creating Value	Pg 85 - 107	
			Responsible banking	Pg 65	
			Innovation and customer obsession - Products Promoting Financial Inclusion	Pg 130 -133	
			Governance	Pg 61 - 69	
	Disclosure 103-2	The management approach and its components	Material topics	Pg 74-85	
Disclosure 103-3	Evaluation of the management approach	Material topics	Pg 74-85		
GRI 201 Economic Performance (2016)	Disclosure 201-1	Direct economic value generated and distributed	Created Value	Pg 92-107	
	Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	Our Response to TCFD Disclosures Climate Risk Management	Pg 162 - 171	

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 201 Economic Performance (2016)	Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Integrated Report 2022	Pg 116	
	Disclosure 201-4	Financial assistance received from government			Not Applicable 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 to local minimum wage	Integrated Report 2022	Pg 65 66	
	Disclosure 202-2	Proportion of senior management hired from the local community	Integrated Report 2022	Pg 65 66	
GRI 203 Indirect Economic Impacts (2016)	Disclosure 203-1	Infrastructure investments and services supported	Created Value	Pg 92-107	
	Disclosure 203-2	Significant indirect economic impacts	Created Value	Pg 92-107	
GRI 204 Procurement Practices (2016)	Disclosure 204-1	Proportion of spending on local suppliers	Created Value	Pg 92-107	
GRI 205 Anti-corruption (2016)	Disclosure 205-1	Operations assessed for risks related to corruption	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,	
	Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Integrated Report 2022	Pg 69, 71, 72, 74 & 78,	
	Disclosure 205-3	Confirmed incidents of corruption and actions taken	Polices and codes of conduct	Pg 41-43	
GRI 206 Anti-competitive Behavior (2016)	Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Polices and codes of conduct	Pg 41-43	
GRI 207 Tax (2019)	Disclosure 207-1	Approach to tax	Tax Management	Pg 172-175	
	Disclosure 207-2	Tax governance, control, and risk management	Tax Management	Pg 172-175	
	Disclosure 207-3	Stakeholder engagement and management of concerns related to tax	Tax Management	Pg 172-175	
	Disclosure 207-4	Country-by-country reporting	Tax Management	Pg 172-175	

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 74-85	
	Disclosure 103-2	The management approach and its components	Governance and Integrity	Pg 60-67	
	Disclosure 103-3	Evaluation of the management approach	Governance and Integrity	Pg 60-67	
Material Topics- 300 series (Environmental topics)					
GRI 301 Materials (2016)	Disclosure 301-1	Materials used by weight or volume			KCB Group currently does not track this indicator.
	Disclosure 301-2	Recycled input materials used			KCB Group currently does not track this indicator.
	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	Sustainable operations	Pg 146- 155	
	Disclosure 302-2	Energy consumption outside of the organization	Sustainable operations	Pg 146- 155	
	Disclosure 302-3	Energy intensity	Sustainable operations	Pg 146- 155	
	Disclosure 302-4	Reduction of energy consumption	Sustainable operations	Pg 146- 155	
	Disclosure 302-5	Reduction in energy requirements of products and services	Sustainable operations	Pg 146- 155	
GRI 305 Emissions (2016)	Disclosure 305-1	Direct (Scope 1) GHG emissions	Sustainable operations	Pg 146- 155	
	Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Sustainable operations	Pg 146- 155	
	Disclosure 305-3	Other indirect (Scope 3) GHG emissions	Sustainable operations		KCB Group does not track this indicator. However, we do track and report scope 3 emissions for relevant categories
	Disclosure 305-4	GHG emissions intensity	Sustainable operations	Pg 146- 155	
	Disclosure 305-5	Reduction of GHG emissions	Sustainable operations	Pg 146- 155	
	Disclosure 305-6	Emissions of ozone-depleting substances (ODS)			KCB Group currently does not track this indicator.

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 305 Emissions (2016)	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 306: Waste (2020)	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.
GRI 307 Environmental Compliance (2016)	Disclosure 307-1	Non-compliance with environmental laws and regulations	Material topics	Pg 74-85	
GRI 308 Supplier Environmental Assessment (2016)	Disclosure 308-1	New suppliers that were screened using environmental criteria	Increased Due Diligence	Pg 54 - 55	
	Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	Promoting green finance	Pg 52-55	
GRI 103 Management Approach (2016)	Disclosure 103-1	Explanation of the material topic and its Boundary	Material topics	Pg 74-85	
	Disclosure 103-2	The management approach and its components	Governance and Integrity	Pg 80-102	
	Disclosure 103-3	Evaluation of the management approach	Governance and Integrity	Pg 60-67	
Material Topics- 400 series (Social topics)					
GRI 401 Employment	Disclosure 401-1	New employee hires and employee turnover	Our People	Pg 134 - 145	
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People	Pg 134 - 145	
	Disclosure 401-3	Parental leave	Our People	Pg 134 - 145	

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 402 Labor/ Management Relations	Disclosure 402-1	Minimum notice periods regarding operational changes	Our People	Pg 134 - 145	
GRI 403 Occupational Health and Safety (2018)	Disclosure 403-1	Occupational health and safety management system	Our People	Pg 134 - 145	
	Disclosure 403-2	Hazard identification, risk assessment, and incident investigation	Our People	Pg 134 - 145	
	Disclosure 403-3	Occupational health services	Our People	Pg 134 - 145	
	Disclosure 403-4	Worker participation, consultation, and communication on occupational health and safety	Our People	Pg 134 - 145	
	Disclosure 403-5	Worker training on occupational health and safety	Our People	Pg 134 - 145	
	Disclosure 403-6	Promotion of worker health	Our People	Pg 134 - 145	
	Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People	Pg 134 - 145	
	Disclosure 403-8	Workers covered by an occupational health and safety management system	Our People	Pg 134 - 145	
	Disclosure 403-9	Work-related injuries	Our People	Pg 134 - 145	
	Disclosure 403-10	Work-related ill health	Our People	Pg 134 - 145	
GRI 404 Training and Education (2016)	Disclosure 404-1	Average hours of training per year per employee	Our People	Pg 134 - 145	
	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Our People	Pg 134 - 145	
	Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Our People	Pg 134 - 145	
GRI 405 Diversity and Equal Opportunity (2016)	Disclosure 405-1	Diversity of governance bodies and employees	Our People	Pg 134 - 145	
	Disclosure 405-2	Ratio of basic salary and remuneration of women to men	Our People	Pg 134 - 145	
GRI 406 Non-discrimination (2016)	Disclosure 406-1	Incidents of discrimination and corrective actions taken	Governance & Integrity	Pg 60-67	

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
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	Governance & Integrity	Pg 60-67	
GRI 408 Child Labor (2016)	Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor	Governance & Integrity	Pg 60-67	
GRI 409 Forced or Compulsory Labor (2016)	Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Governance & Integrity	Pg 60-67	
GRI 410 Security Practices (2016)	Disclosure 410-1	Security personnel trained in human rights policies or procedures	Governance & Integrity	Pg 60-67	
GRI 411 Rights of Indigenous Peoples	Disclosure 411-1	Incidents of violations involving rights of indigenous peoples	Governance & Integrity	Pg 60-67	
GRI 412 Human Rights Assessment (2016)	Disclosure 412-1	Operations that have been subject to human rights reviews or impact assessments	Governance & Integrity	Pg 60-67	
	Disclosure 412-2	Employee training on human rights policies or procedures	Governance & Integrity	Pg 60-67	
	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Governance & Integrity	Pg 60-67	
GRI 413 Local Communities (2016)	Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	Governance & Integrity	Pg 60-67	
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	Governance & Integrity	Pg 60-67	
GRI 414 Supplier Social Assessment (2016)	Disclosure 414-1	New suppliers that were screened using social criteria	Promoting green finance	Pg 52-55	
	Disclosure 414-2	Negative social impacts in the supply chain and actions taken	Promoting green finance	Pg 52-55	
GRI 415 Public Policy (2016)	Disclosure 415-1	Political contributions			Not applicable because KCB Group does not make any political contributions

Disclosures	Core Option Requirement	Disclosure Title	Section Title	Page Location/ URL	Omission
GRI 416 Customer Health and Safety (2016)	Disclosure 416-1	Assessment of the health and safety impacts of product and service categories	Customer Excellence	Pg 124 - 133	
	Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Excellence	Pg 124 - 133	
GRI 417 Marketing and Labeling (2016)	Disclosure 417-1	Incidents of non-compliance concerning product and service	Customer Excellence	Pg 124 - 133	
	Disclosure 417-2	Incidents of non-compliance concerning product and service information and labeling	Customer Excellence	Pg 124 - 133	
	Disclosure 417-3	Incidents of non-compliance concerning marketing communications	Customer Excellence	Pg 124 - 133	
GRI 418 Customer Privacy (2016)	Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Excellence	Pg 124 - 133	

TCFD Checklist

PILLAR	PILLAR DESCRIPTION	RECOMMENDED DISCLOSURE	SECTION TITLE	PAGE LOCATION
Governance	Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	- Governance and Integrity - Risk Management	Page 67, 158, 166
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	- Governance and Integrity - Risk Management	Page 62-67
Strategy	Disclose the actual and potential impacts or climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	- Climate risk management - Leading the industry towards Net-Zero -Resource consumption efficiency carbon footprint - Green portfolio.	Pages 48- 57
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	- Promoting green finance - Increased due diligence	Pages 52 and 54
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	- Promoting green finance - Green portfolio	Page 50-53
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization process of identifying and assessing climate-related risks	- Increased Due Diligence	Page 54
		b) Describe the organization's process for managing climate-related risks.	-Climate risk management - Metrics and Targets	Pages 48 and 169
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	- Climate risk management - Risks and Opportunities Defined	Pages 48 and 165
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics and targets used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	-Metrics and Targets -Our ESG approach	Page 169 & 43
		b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk	-Sustainable Operations (Scope 3 not done)	Page 154
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	-Our ESG Approach -Metrics and targets	Page 43 & 169



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