



20
23

KCB Group ESG &
Sustainability
Report



A Sustainable Future

Driven by Growth and Collective Purposeful Actions

For People. For Better.

Regulated by the Central Bank of Kenya

List of Acronyms

ACFE	Association of Fraud Examiners	KBA-SFI	Kenya Bankers Association-Sustainable Finance Initiative
AGPO	Access to Government Procurement Opportunities	KYC	Know-Your-Client
BPM	Business Process Manager	LPG	Liquefied Petroleum Gas
CDSC	Central Depository and Settlement Corporation	MSMEs	Micro, Small and Medium Enterprises
CFPK	Centre de Formation Professionnelle de Kanyosha	MVR	Mechanical Vapour Recompression
CISOC	Cyber Intelligence and Security Operations Centre	NDC	Nationally Determined Contributions
CMA	Capital Markets Authority	NPS	Net Promoter Score
CMT	Crisis Management Team	NSE	Nairobi Securities Exchange
CNRSP	Centre National de Réadaptation Socio Professionnelle	NZBA	Net Zero Banking Alliance
CSAT	Customer Satisfaction	OHI	Organisational Health Index
DFS	Digital Financial Services	PCAF	Partnership for Carbon Accounting Financials
EIB	European Investment Bank	PPF	Project Preparation Facility
EMS	Electronic Merchant Services	PUE	Power Usage Effectiveness
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group	RBA	Retirement Benefits Authority
ESDD	Environmental and Social Due Diligence	RCM	Risk Control Matrix
ESMS	Environmental and Social Management Systems	SDG	Sustainable Development Goals
FATF	Financial Action Task Force	SEMS	Social and Environmental Management System
FLME	Female-Led and Made Enterprises	SIEM	Security Information and Events Management
FPOs	Farmer Producing Organisations	SIG	Special Interest Groups
GDSSC	Group Designated Shared Services Centre	SLA	Service Level Agreement
GIZ	German Development Cooperation	SMEs	Small and Medium-sized Enterprises
GORCCO	Group Risk Compliance Committee	SOP	Standard Operating Procedures
GSSD	Group Shared Services Division	TCFD	Taskforce on Climate Related Financial Disclosures
IFC	International Finance Corporation	TFS	Tanzania Forest Service Agency
IFRS	International Financial Reporting Standards	TNFD	Taskforce on Nature-Related Financial Disclosures
ILO	International Labour Organisation	UNPRB	United Nations Principles of Responsible Banking
ISSB	International Sustainability Standards Board	WASH	Water, Sanitation and Hygiene
		WLN	Women in Leadership Network
		WSPs	Water Service Providers

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About this report

Report Overview

This is **KCB Group's ESG & Sustainability Report** for the reporting period **January 1, 2023 to December 31, 2023**.

The report covers **KCB Group** (also referred to as "The Group") and its banking subsidiaries in:



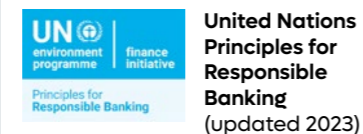
- KCB Investment Bank
- KCB Bancassurance
- Kencom House Limited

- KCB Asset Management
- KCB Foundation

The sustainability report, approved by the Board, is prepared in reference to a comprehensive set of regulations, standards, and guidelines. It aligns with international and industry-specific sustainability initiatives, including the IFC Performance Standards (updated June 2021), the Kenya Bankers Association Sustainable Finance Initiative (updated 2015), and the United Nations Sustainable Development Goals (adopted 2015).

It also adheres to the United Nations Global Compact Principles and considers the recommendations of the Task Force on Climate-Related Financial Disclosures, which was created in 2015 and disbanded in 2023.

Additionally, the report aligns with the:



Finally, this report has been prepared with reference to the **Global Reporting Initiative (GRI) 1: Foundation 2021**.

Reporting Universe

Our suite of reports are as follows:

Integrated Report and Financial Statements 2023	The report provides an integrated view of how the Group creates long-term value. Also, it sets out the Group's fully audited financial statements.	
UN PRB 2023 Report	The report ensures that the Group aligns its strategies with the vision set out by society for a sustainable future.	
Investor Presentation	Presentations are published on a quarterly basis and provide both financial and non-financial performances for a specific quarter.	

Assurance and Verification

We have implemented internal policies, procedures, and controls to ensure the accuracy of the data provided. The Group's Audit and Risk Board Committee oversees all matters involving ESG, including this report. KCB Group is responsible for preparation of the ESG information that is presented within this sustainability report and the Integrated report. The Group has selected appropriate measurement metrics and reporting criteria based on the Group's nature of business. We recognise the importance of ESG disclosures and the quality of data that supports the process.

The Group has aligned our reporting processes with our internal business reporting process and, in some areas, we are in the process of developing and introducing more robust processes that would further support the processes, especially in areas where manual sourcing and categorisation of data is still being done.

"Our independent limited assurance of selected sustainability key performance indicators (KPIs) for 2023 was successfully concluded by Deloitte & Touche LLP. Specific sustainability KPIs that we assured are identified on **page 6-7** and defined in **Appendix B**. Refer to **Appendix A** for the complete assurance statement".

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Contact Department:

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

ESG Highlights

Below are the impacts that we managed to achieve to date.

ENVIRONMENT



Green Lending

15%

of loan portfolio are green loans



Responsible Lending

KShs. 615Bn

screened loans under Environmental & Social Due Diligence



Tree Planting & Growing

202

branches involved in tree planting and growing in Kenya

314,129

trees planted in 1,423 schools



Resource Consumption

11.14%

reduction of carbon footprint intensity per staff

73

tonnes of waste paper recycled

50%

LED lighting in KCB Branch network

2

branches are solarised – Wajir & Maasai Mara



Water & Sanitation

251,294

beneficiaries accessing clean water

67,357

individuals accessing improved sanitation stands

KShs. 696Mn

funding for MSMEs & WSPs in the water sector

111

water tanks donated to schools & other institutions

SOCIAL & ECONOMIC



KCB 2jijiri Programme

13,352

direct jobs were created

2,954^{LA}

female participants

2,999^{LA}

male participants



The Differently Abled

35

employees



New Permanent & Pensionable Employees

1,457^{LA}

Group

1,157

Kenya



Women in Leadership Forum

349

beneficiaries



Insurance

KShs. 1.7 Bn

value of Life Assurance

KShs. 1.03Bn

value of health care insurance



KCB Loans

KShs. 46Bn+^{LA}

worth of KCB M-Pesa loans disbursed

1.8Mn+^{LA}

Mobi Loans disbursed



Full-time equivalent (FTE) employees

7,989^{LA}



Scholarships

640^{LA}

female student beneficiaries

686^{LA}

male student beneficiaries



Number of male permanent and pensionable employees at year end

4,317^{LA}



Number of female student beneficiaries under the Scholarship Programme in the year (Kenya)

640



Employee Diversity

3,672^{LA}

female employees (permanent & pensionable)



LPG Grants

10^{LA}

implementation grants awarded



Sustainable Procurement

KShs. 8.2Bn

spent on local suppliers

7.5%

spent for differently abled suppliers

70%

spent on local sourcing



Capacity Building

3,860

staff trained on sustainable finance

3.43

Learner Days per staff member

126

employee engagement forums

GOVERNANCE



Improved ESG Rating from Risk Insights

Increased the 2022 Sustainability Report ESG GPS rating from 2 to **3**



Number of full-time equivalent (FTE) group employees belonging to a union at year end (Kenya)

982^{LA}



Supplier Code of Conduct

81%

of suppliers signed up to the code of ethics



Staff Declaration forms

8,315^{LA}

employees signed the forms



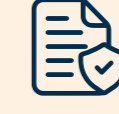
Bancassurance

53,118

bancassurance policies issued

KShs. 5.2Bn

value of bancassurance premiums



Policies

Revised the gender and financial inclusion policy to include the ESG principles



Ethics e-learning course

96%^{LA}

of employees completed the course



Anti-money laundering course

10,253^{LA}

employees completed the course



Board Diversity

33%^{LA}

of KCB Group Board are women

LA - Limited Assurance

Subsidiary Highlights

National Bank of Kenya (NBK)



SUBSIDIARY KPI

- **26** projects worth **KShs. 5.7 billion** underwent the ESDD process
- The MajiKonnnect initiative
 - **KShs. 697 million** financed
 - Onboarded **64 MSMEs** and 2 Water Service Providers (WSP)
 - Enabled over **251,000** people to access safe & affordable drinking water
 - Create and sustain **553** jobs
- Resource consumption
 - Power consumption down by **8%**
 - Water consumption down by **17%**
 - Paper consumption down by **45%**
 - Fuel consumption reduced by **64%**
- **52,226** trees were planted in **275** schools.
- Partnered with the Kenya Defense Forces (KDF) to plant over **10,000** trees in their camps (Command College, Defence Forces School, Garrison).
- Through Elimu Konnect, the Bank partnered with Kodris Africa to provide a **20%** discount to schools funded through NBK-Private School collaboration.
- Mental health awareness training was held in **12** branches and 3 head office units.
- Conducted green lending training for business teams, with **402** participants.
- **24** customers received training through the Scaling Smart Masterclass.
- **210** high school students received support from the National Bank of Kenya through KCB Foundation.
- The Bank addressed its employees' welfare by providing outsourced gym instruction services at **KShs. 92,000** per month for their physical well-being.
- The Bank also held **17** wellness-related staff engagement forums.
- Personal financial management training, which focused on preventive and curative debt management. **60** targeted staff members were taught about the psychology of money.
- **131** employees attended the stress management forum for the T24 Project Teams.
- Webinars were offered to all **1,000** staff members to ensure that all teams were aligned to the sustainability agenda.
- Credit approvers were trained on ESDD



BPR Bank PLC



SUBSIDIARY KPI

- Green loans value worth **Kshs. 8.9 billion**
- Planted **2,400** eucalyptus trees in Gatsibo and Kicukiro districts.
- Pledged to plant **2,500** trees by 2024.
- Facilities worth **KShs 7.4 billion** were screened.
- IGIRE programme has successfully trained **691** beneficiaries:
 - Total of **635** employment opportunities were created (412 direct jobs and 223 indirect jobs)
 - Sponsored **38** businesses
 - Facilitated establishment of **52** self-sponsored businesses
 - **186** beneficiaries completed technical training, and a further 200 were recruited to under the training.
 - **200** beneficiaries were trained on entrepreneurship. » 23 businesses were registered.
 - **1,079** jobs were created.



KCB Bank South Sudan Limited



SUBSIDIARY KPI

- Substantial decrease in water consumption by **64%**.



TMB Bank



SUBSIDIARY KPI

- Over **2 million** clients have been reached by the Bank.
- Received the **Best Bank in Central Africa award** at the 2023 African Banker Awards, marking the third win.
- Named **Bank of the Year 2023 in the Democratic Republic of Congo** by The Banker magazine.



KCB Bank Burundi Limited



SUBSIDIARY KPI

- Resource Consumption:
 - **10%** reduction in power consumption
 - **89%** decrease in water consumption
- 3 partnerships formed:
 - Total of **273** beneficiaries (47% female & 53% male)
 - Beneficiaries placed in **6** training centres
- Donated food to **300** Muslim families through COMIBU.



KCB Bank Tanzania Limited



SUBSIDIARY KPI

- Assessed loans worth **KShs. 17 billion** for environmental & social risks.
- Achieved **56%** decrease in power consumption.
- Planted a total of **6,050** trees.
- Target to plant **5,400** trees in 2024 (300 trees per branch).
- Donated **120** desks to Kibaba Urban District worth **KShs. 1.6 million**
- Donated **KShs. 454,051** to Ereto East Africa Foundation to construct computer labs in Longido.
- Zjajiri programme:
 - Total of **1,460** scholarships offered, where 61% of beneficiaries were women
 - **966** jobs created
 - Generated a total of **320 million** in PRV
 - Integrated **1.8%** of people living with disabilities
 - Total of **921** beneficiaries were certified
- Developed **539** enterprises
- **1,600** youths were mobilised and 500 were enrolled into technical training institutions.
- **388** toolkits were issued to project participants.
- The Bank donated food items to two orphanage camps in Dar es Salaam and Zanzibar, valued at **KShs.252,365**.
- **49%** of female employees received performance & career development reviews compared to 51% of male employees.
- A total of **407.04** learner days were achieved.
- Staff attrition reduced to 6.3% compared to **9.2%** in the previous year.



KCB Bank Uganda Limited



SUBSIDIARY KPI

- **3,000** trees were planted in partnership with Jese and the Kenya High Commission.
- Total of **47** training sessions and 98.5 total learner hours.
- Resource Consumption:
 - Power Consumption decreased by **13%**
 - Paper Consumption decreased by **61.62%**
- Twekozeze project:
 - **2,165** youth with skills in Building & Construction sector
 - Generated **1,858** direct & indirect job linkages
 - A total of **639** toolkits were granted to the best performers
- Toolkit loan launched for E4D beneficiaries targeting **440** beneficiaries.
- **92%** of all transactions were conducted via digital platform.
- MoPesa product was launched as a result of collaboration between MTN and KCB Uganda.
 - Attracted **1.4 million** customers
 - **451,809** loans were disbursed
- Engagements with UNABCEC and the private sector have provided industrial attachments and business development services, creating **1,850** job opportunities.
- **451,809** loans disbursed and mobilisation of significant deposits.
- **KShs. 46.9 billion** worth of projects were assessed under ESDD.
- 2jijiri programme:
 - **1,515** students were trained on entrepreneurship.
 - **639** toolkits were issued to project participants.
 - A toolkit loan product was approved in the last quarter of 2023 and rolled out to the market. **1,904** jobs were created.
 - **659** project participants were recruited for technical training



KCB Bank Kenya Limited



SUBSIDIARY KPI

- Green loans value worth **Kshs. 12.5 billion**
- Planted **256,008** trees in collaboration with **1,423** schools.
- LPG grants have totalled **KShs. 72 million** with 72 schools reached.
- Support for Women in Business:
 - Loans worth **KShs. 115 billion**
 - Benefitted **683,887** FLME customers
- Partner Kwa Ground initiative:
 - Total of **542,000** accounts opened
- Deposits have accumulated to **Ksh. 98.696 billion**
- Mifugo ni Mali programme:
 - **120** Livestock Group strengthened
 - **KShs. 140 million** disbursed to 45 FPOs
 - **77** FPOs trained on financial literacy
 - **21** female-led FPOs trained
- KCB M-Pesa, mobi & internet banking boosted volumes by over **99%**.
- Value of loans screened under ESDD amounted to **KShs. 538 billion**.
- Banker of the year award, Kenya





2023 Awards & Recognition



Award	Recognising Entity	Beneficiary
Best CSR Bank Kenya 2023	Global Business and Finance Magazine	NBK
Best Sustainable Bank Kenya 2023	Finance Derivative Banking Awards 2023	KCB Group
Best Bank in Sustainable Corporate Social Responsibility	2023 Think Business Banking Awards	KCB Bank Kenya
Best Bank in Customer Satisfaction (1 st Runners Up)	2023 Think Business Banking Awards	KCB Bank Kenya
Most Customer-centric Bank (1 st Runners Up)	2023 Think Business Banking Awards	NBK
Best Bank in ESG (1 st Runners Up)	2023 Think Business Banking Awards	NBK
Best Bank in Agriculture and Livestock Financing (2 nd Runners Up)	2023 Think Business Banking Awards	NBK
Product Re-Launch of The Year	MSK Gala Awards 2023	KCB Kenya
Best Brand for Inclusive Banking Award	Marketing World Awards 2023	KCB Group
Financial Inclusion (1 st Runners Up)	Inclusion Financial Institution Awards	BPR
Best SME Bank Kenya 2023	World Business Outlook Awards 2023	NBK

Guiding Framework and Standards

ESG Framework

KCB Group is committed to sustainability principles, shaping its approach to sustainable development. As a pioneering financial institution, it recognises its role in driving economic progress while promoting environmental stewardship and social responsibility. The Group aims to reduce its ecological impact through strategic initiatives and sustainable investments, including responsible lending, responsible sourcing, resource efficiency and tree planting initiatives. This commitment supports the development of sustainable urban areas and protects natural habitats for future generations.

Social responsibility extends beyond financial transactions, focusing on the well-being of communities. KCB actively engages in initiatives that foster inclusive growth, support education and healthcare, and empower marginalised groups. By investing in social programs, the Group creates opportunities, resilience, and prosperity. KCB prioritises a safe and supportive work environment, promoting employee wellness through health checkups and guidance. The Group encourages staff involvement in sustainability efforts while enhancing diversity and inclusion, ensuring every team member feels valued and empowered.

Sound governance practices underpin operations, ensuring transparency, accountability, and ethical conduct. KCB upholds requirements and governance standards, adheres to regulatory requirements, and prioritises integrity. Its governance framework safeguards stakeholder interests and promotes long-term sustainability.

In all our operations, we are guided by the following standards:

- International Finance Corporation (IFC) Performance Standards
- Kenya Bankers Association Sustainable Finance Initiative (KBA-SFI)
- United Nations Sustainable Development Goals (UN SDGs)
- United Nations Global Compact (UNGC)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Principles for Responsible Banking (PRB)
- Net Zero Banking Alliance (NZBA)
- Task Force on Nature-related Financial Disclosures (TNFD)
- Forward Faster Initiative



The Group aims to reduce its ecological impact through strategic initiatives and sustainable investments, including responsible lending, responsible sourcing, resource efficiency and tree planting initiatives. This commitment supports the development of sustainable urban areas and protects natural habitats for future generations.





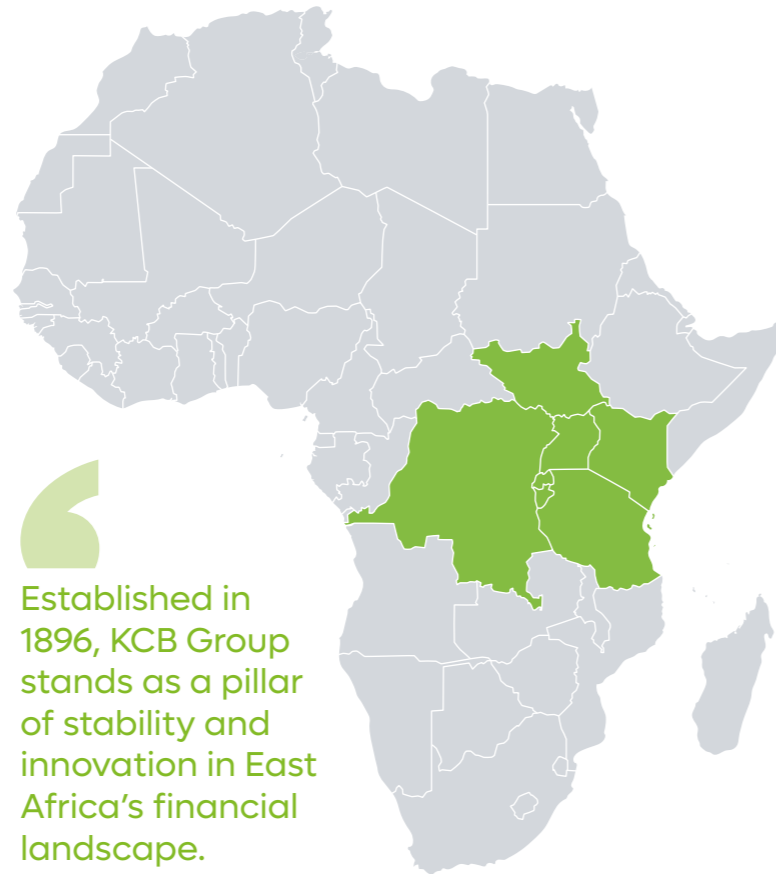
About us

Our Footprint and Regional Presence

Established in 1896, KCB Group stands as a pillar of stability and innovation in East Africa's financial landscape. With our headquarters in Nairobi, Kenya, we extend our reach across Kenya, Uganda, Tanzania, Rwanda, the Democratic Republic of the Congo (DRC), Burundi, South Sudan, and Ethiopia, serving as a beacon of trust and progress. We provide a wide range of banking and financial services through our subsidiaries,

- KCB Bank Kenya
- National Bank of Kenya
- BPR Bank PLC
- KCB Bank South Sudan Limited
- KCB Bank Tanzania Limited
- KCB Bank Burundi
- KCB Bank Uganda Limited
- Trust Merchant Bank (TMB) in the DRC

These services are specifically designed to cater to the requirements of individuals, businesses, and institutions.

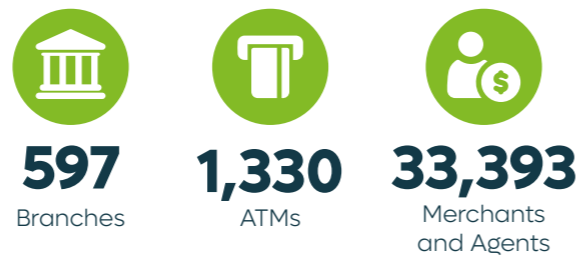


IN ADDITION TO OUR BANKING SERVICES, KCB GROUP ALSO OWNS

- KCB Bancassurance Intermediary Limited
- KCB Investment Bank
- KCB Asset Management
- KCB Foundation
- Kencom House Limited

Bolstering our comprehensive suite of offerings.

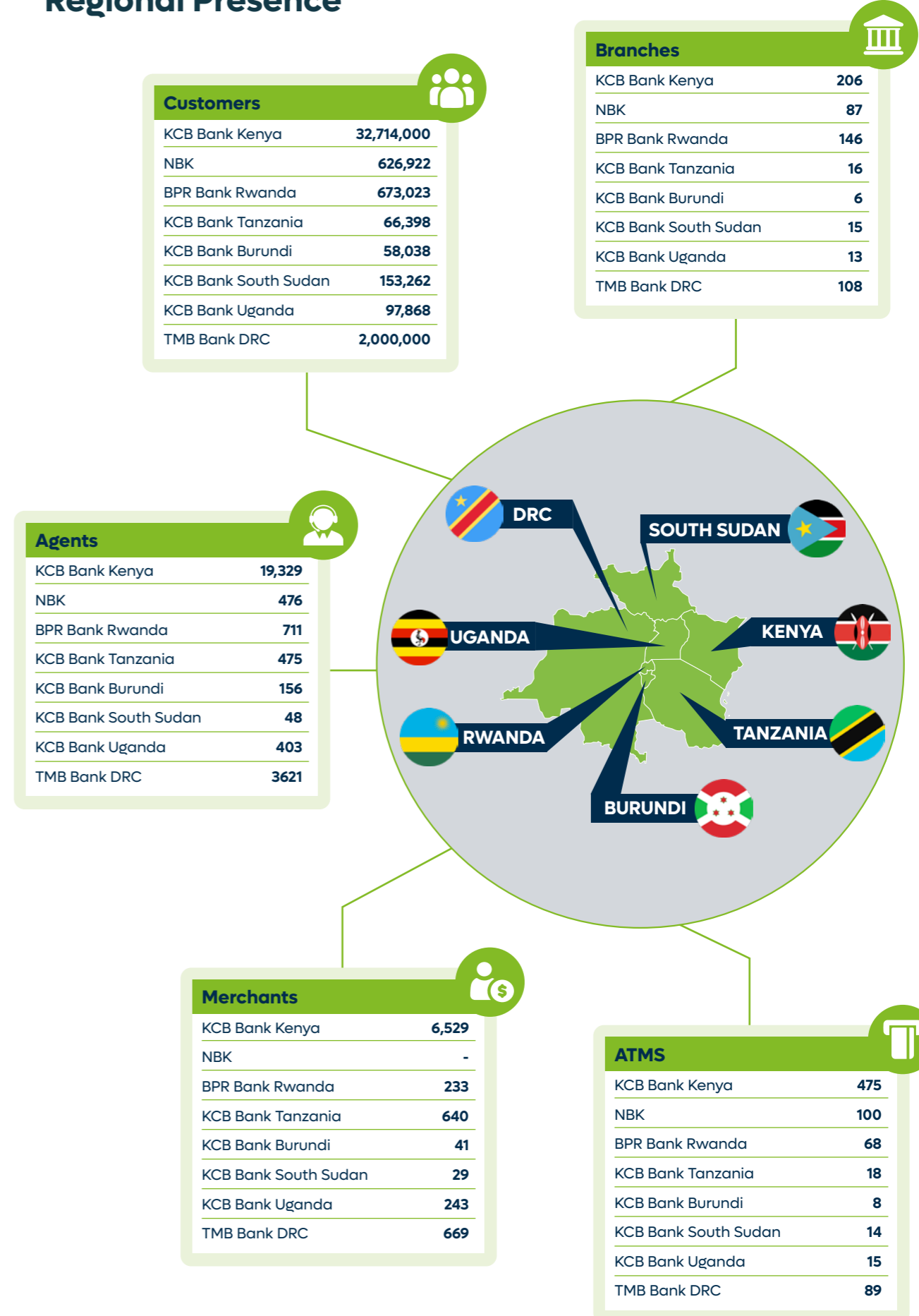
TODAY, BOASTING THE LARGEST BRANCH NETWORK IN THE REGION WITH



We provide banking services 24/7 throughout East Africa.

KCB Group is dedicated to driving economic growth, empowering communities, and shaping a sustainable future for East Africa. Risk Insights recognized our commitment to ESG, giving us a commendable rating of 3 in the Overall ESG Rating category for our 2022 Sustainability Report.

Regional Presence



Group Chairman's Statement

We are thrilled to present the KCB Group Sustainability Report 2023, showcasing our dedication to sustainability and business success. Our 2024-2026 strategy, "Transforming Today Together," reflects our role as a forward-thinking market leader and innovator, seizing opportunities for future generations. Guided by our values of Closer, Connected, and Courageous, we embark on a sustainability journey. Our purpose-driven culture is evident through our environmental commitments and partnerships that foster resilient communities.

Relentless Pursuit of a Sustainable World

Our unwavering commitment to sustainable growth is at the core of our business. We have actively identified areas for improvement and aligned with our customers and stakeholders to achieve shared goals. Through digital innovation, we drive inclusion for the unbanked and enhance the customer experience. By leveraging technology, we empower individuals to access financial services and opportunities, demonstrating our long-term vision and dedication to our stakeholders.

We also meet the demands for sustainable banking practices. Our Board and Management team continue to undertake capacity building on ESG & sustainability practices with an aim to improve our internal practices. This report aligns with Task Force for Climate Disclosures (TCFD) and we have highlighted our future commitments towards Task Force for Nature Disclosures (TNFD) frameworks. In this report, we have also calculated the Bank's financed emissions, the first step in aligning with our Net Zero commitment for 2050.

Strengthening Corporate Governance

Our leadership position allows us to drive positive and sustainable change throughout our value chains. We recognise the importance of collaboration among all stakeholders to address challenges and seize opportunities. While individual action is necessary, achieving broad and lasting impact requires shared solutions.

We take pride in the diverse composition

The Board remains steadfast in positioning KCB as a "Purposeful, Sustainable, and Responsible" brand.

of our Board, which is fully committed to advancing our sustainability agenda. We understand our responsibility and the crucial role we play in shaping a sustainable future. Through decisive decision-making, transparent communication, and unwavering dedication, we are forging a path towards a more sustainable tomorrow.

The Board remains steadfast in positioning KCB as a "Purposeful, Sustainable, and Responsible" brand. Our commitment to propelling the Bank forward is evident in its continued growth, which aligns with our long-term vision to be the preferred financial services partner.

Building a Resilient Future

At KCB Group, we recognise our responsibility in shaping a fair and sustainable future. We are committed to reducing our environmental impact, protecting our employees and partners, and promoting responsible practices throughout our value chains.

To achieve these goals, we have aligned our governance, data management, and procurement with sustainability objectives. We prioritise transparency in our supply chain to make responsible sourcing decisions. Additionally, we are accelerating our decarbonisation efforts to contribute to global climate goals. We engage with stakeholders throughout our value chains to foster sustainable access to banking practices.

With these initiatives in place, we are confident that KCB Group will continue to make significant progress. We extend our gratitude to our dedicated staff and partners for their ongoing efforts in realising our ambitions while creating fair and sustainable value for all stakeholders.

FCS Dr. Joseph Kinyua, EGH
KCB Group Chairman



Through digital innovation, we drive inclusion for the unbanked and enhance the customer experience.



In this report, we have also calculated the Bank's financed emissions, the first step in aligning with our Net Zero commitment for 2050.

Reflections from Group CEO

The 2023 KCB Group Sustainability Report is a testament to our steadfast commitment to sustainability and our relentless pursuit of creating a positive impact on people and the planet.

Sustainability Commitment to Action

Our commitment to sustainability is aligned with the United Nations Sustainable Development Goals (SDGs). In 2023, the Group embarked on an impact analysis exercise to identify both its positive and negative impact areas based on the groups business practices, these then informed our 14 adopted SDG goals and the Key Performance Indicators (KPIs) that will drive the achievement of these goals. Through partnerships with non-governmental organisations (NGOs) and government agencies, we reached over 100,000 beneficiaries with financial literacy training and entrepreneurship development programmes, furthering our impact on SDG 4: Quality Education and SDG 1: No Poverty. Notably, we are a key participant in the Forward Faster Initiative, guiding companies to make the fastest impact on the SDGs.

Our approach ensures that we are making tangible strides towards our sustainability targets, reflecting our commitment to responsible business practices and sustainable development. Transparency and accountability are cornerstones of the sustainability journey.

Risk Management

To mitigate risks, we reviewed and revised our Risk Appetite Policy, providing clear guidelines for risk-taking and management. Sustainability considerations are embedded across all operations. Climate-related financial risk management is a key focus, integrating ESG factors into lending processes. Our Environmental and Social Due Diligence (ESDD) process screens customers before onboarding, ensuring responsible capital deployment for environmental and societal benefits.

Additionally, in line with the Central Bank of Kenya (CBK) guidelines on climate-related risk management, we have continuously adopted these guidelines and submitted an implementation

plan to the CBK, on which we report quarterly regarding our progress. During the year, projects valued at KShs. 615 billion underwent the ESDD process, and all identified issues were addressed to ensure compliance for every project exceeding KShs. 50 million.

Our Success

The Bank successfully transitioned its clients to green projects in renewable energy, energy efficiency, sustainable transport and infrastructure, and sustainable agriculture initiatives. Our commitment to sustainable finance has earned us recognition exhibited through distinguished awards, including the Best Sustainable Bank by the Finance Derivative Banking Awards 2023 and Best Brand for Inclusive Banking by Marketing World Awards. We serve a diverse customer base, offering various financial products and services. Our digital banking platforms experienced significant usage growth, with over 99% of our customer interactions occurring online.

Community Impact

Our community initiatives are making a meaningful impact in East Africa. Through the KCB Foundation's strategic plan, we create employment opportunities and provide quality education. The Mifugo ni Mali programme supports smallholder farmers, boosting productivity and income. The 2jijiri programme equips youth with vocational skills for self-reliance. Our scholarship programme helps disadvantaged students pursue higher education and unlock their potential. Together, we address socio-economic challenges and empower thousands across the region.

My gratitude goes to all our stakeholders for their continued support and collaboration on our sustainability journey. Together, we have made significant strides towards creating a more sustainable and equitable future for all.

Paul Russo, EBS
Group Chief Executive Officer



Our approach ensures that we are making tangible strides towards our sustainability targets, reflecting our commitment to responsible business practices and sustainable development.

KShs. 615 Bn

Value of projects that underwent the Environmental and Social Due Diligence (ESDD) process during the year.



Governance Structure



FCS Dr. Joseph K. Kinyua, EGH
Chairman



Geoffrey Malombe
Alternate to Cabinet Secretary, National Treasury



Lawrence Njiru
Independent Non-Executive Director



Ahmed Mahmoud
Independent Non-Executive Director



Alice Kirenge
Independent Non-Executive Director



Agnes Lutukai
Independent Non-Executive Director



Anuja Pandit
Independent Non-Executive Director



Paul Russo, EBS
Group Chief Executive Officer



Lawrence Kimathi
Group Finance Director



Bonnie Okumu
Group Company Secretary

In this report, we delve into the management of Environmental, Social, and Governance (ESG) risks and opportunities throughout 2023, providing insights beyond the standard disclosures required by the Global Reporting Initiative (GRI).

KCB Group operates within a well-defined governance framework that allows for delegated authority and clear lines of responsibility, while still ensuring that the Board retains its overall responsibility. Under this framework, the Board sets the strategic direction of the Group and delegates the day-to-day operations to the executive management, led by the Group Chief Executive Officer. The performance of the executive management is closely monitored against set objectives and policies.

To ensure the seamless execution of its duties, the Board utilises the expertise of five committees: Audit & Risk, Human Resources & Governance,

Nomination, Strategy & IT, and Oversight. These committees meticulously evaluate specific areas and offer invaluable support, playing a crucial role in enabling the Board to fulfil its responsibilities with utmost efficiency and effectiveness.

The Board Charter, which is regularly reviewed and approved by the Board, establishes a clear definition of the roles and responsibilities of the Group Chairman, directors, and the Company Secretary. The Group Chairman and the Group Chief Executive Officer have separate and distinct roles, with a clear division of responsibility between the governance of the Board and the executive management of KCB Group's business.

Overall Governance

For a comprehensive understanding of our governance practices, including details on the Board nomination process, training and development, evaluation, conflict of interest management, and remuneration policy, please refer to our **2023 Integrated Annual Report**

These are the various aspects on which the report provides detailed information.



Board nomination process:

We outline the procedures and criteria involved in the selection and appointment of Board members. This ensures that our Board composition reflects diverse expertise and experience, enabling effective decision-making.



Training and development:

We prioritise the continuous learning and development of our Board members. Our report highlights the training initiatives and programmes undertaken to enhance their skills and knowledge in areas such as governance, risk management, and emerging trends.



Evaluation:

Regular evaluations of our Board's performance are conducted to ensure its effectiveness and identify areas for improvement. We provide insights into the evaluation process and the measures taken to enhance the Board's performance.



Conflict of interest management:

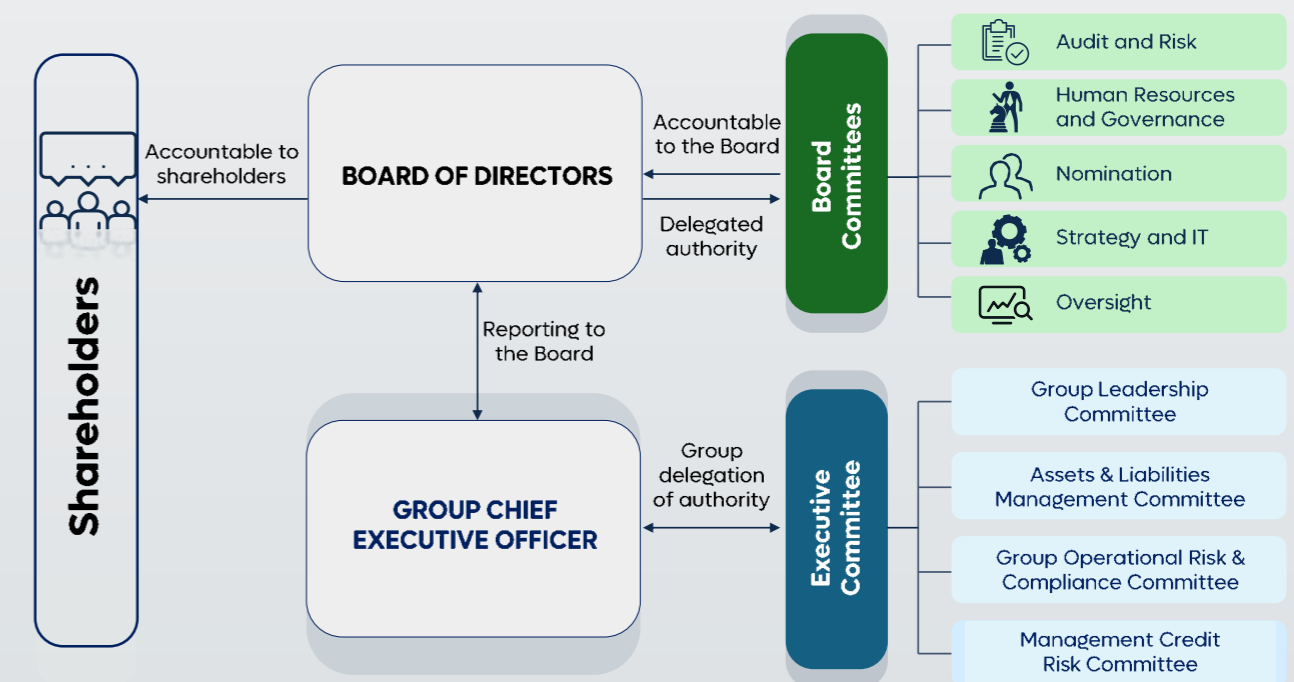
We have robust procedures in place to manage conflicts of interest within our Board and ensure that decisions are made in the best interest of the organisation and its stakeholders. Our 2023 Integrated Report Pg 94 outlines our approach to identifying, assessing, and managing conflicts of interest.



Remuneration policy:

We believe in fair and transparent remuneration practices. Our 2023 Integrated Report Pg 123 details our remuneration policy, including the principles and criteria used to determine executive compensation, ensuring alignment with our performance objectives and shareholder interests.

The fundamental relationship between the shareholders, Board, Board committees and executive management is illustrated below.



Board's Sustainability Governance

The Group's Governance approach to sustainability matters is embedded in all its operations and procedures, giving KCB a clear direction for responsive action and decision-making. The Group Audit and Risk Committee oversees sustainability and climate risk considerations when assessing business risk within the Bank.

The Director of Credit and Group Head of Corporate and Regulatory Affairs works closely with other business divisions to ensure that adequate resources are allocated for the effective implementation of the bank's environmental policies and procedures. The primary responsibility of the role is to oversee the assessment of facilities on environmental and social matters and ensure they're in line with the Bank's overall sustainability objectives. This also includes developing and implementing policies and procedures that comply with regulatory standards. This, in turn, creates a cohesive framework that aligns credit operations with environmental objectives and regulatory obligations, enabling the Bank to operate ethically and responsibly while promoting sustainable growth.

The Group Board plays a crucial role in setting policies and ensuring their implementation across the organisation. It is responsible for instituting policies that govern the Group's operations. One of the key policies is the Sustainability Policy, which addresses various operations and practices within the organisation.

The Board has delegated its authority to approve policies and auxiliary policy matters to the Group Board sub-committees, such as the Audit & Risk Committee. This Committee is responsible for approving the Sustainability Policy and other policy procedures related to sustainability.

The Group has developed an Environmental and Social Management System (ESMS) to guide its governance approach to sustainability. Its Sustainability Policy informs the ESMS and serves as a framework for managing environmental and social risks and impacts.

The Board has delegated its authority to approve policies and auxiliary policy matters to the Group Board sub-committees, such as the Audit & Risk Committee.

Key Principles of ESMS

The ESMS is guided by the key principles below, which shape the Group's approach to sustainability

1

Compliance:

Ensuring compliance with relevant laws, regulations, and standards.



4

Enhancing leadership:

Encouraging leadership at all levels to drive sustainability initiatives.



2

Clearly defining the roles and responsibilities:

For stakeholders involved in sustainability initiatives.



5

Evaluating and managing risks and impacts:

Assessing and managing risks and impacts associated with sustainability issues.



3

Promoting integrity:

Upholding ethical standards and promoting integrity in all sustainability-related activities.



KCB Group has a dedicated Sustainability Unit that plays a crucial role in integrating sustainability into various aspects of the organisation.

The responsibilities of the Sustainability Unit include:

1

Designing, implementing, and monitoring the Group's sustainability management strategy and programmes.

2

Coordinating and supporting internal business stakeholders in the implementation of sustainability initiatives.

3

Developing methodologies and procedures to assess, evaluate, and monitor the viability and success of sustainability initiatives and programmes.

4

Assessing and analysing company policies and processes to identify areas for improvement in line with sustainability commitments.

5

Identifying training needs and developing programmes to enhance employees' knowledge and abilities in sustainability-related areas.

6

Reporting on sustainability-related matters.



Responsible Banking

Transparency and accountability are at the core of our operations, ensuring equitable treatment of shareholders and protection of their rights. The Board remains vigilant in reviewing social, environmental, and economic factors relevant to the regions where our subsidiaries operate, integrating this information into policy decisions to uphold sustainable business practices.

The Bank has aligned its lending practices to international best practices such as the IFC Performance Standards. Loan approvals exceeding KShs. 50 million undergo a thorough assessment to meet Environmental, Social, and Governance expectations. In addition to this, projects with a turnover of KShs. 100 million are subject to ESDD review.

Operating in dynamic markets requires sensitivity to stakeholder perspectives to foster trust. We actively engage stakeholders to address their concerns while fostering partnerships based on mutual understanding. Our whistleblowing process provides stakeholders with a platform to voice issues anonymously, both internally and externally, ensuring transparency and accountability.

All activities across the KCB Group align with international human rights standards, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and other relevant instruments such as ILO Convention No.169, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and the Universal Declaration on Human Rights.

Compliance with legislation and regulations that promote economic development and safeguard communities and the environment is paramount to us. Our operations, products, and services are designed to uphold the dignity of communities and protect the environment, reflecting our commitment to responsible banking practices.

Risk Governance

KCB Group's risk governance serves as the foundation for monitoring and reporting risks. Under this framework, the Board holds the ultimate responsibility for ensuring that the risk management approach and risk governance structure are effectively implemented and meet expectations.

To ensure robust risk management, the Group adheres to the principles of the Three Lines of Defence model. In this model, the Board receives and reviews risk-related information, while management committees play a critical role in establishing and maintaining a strong risk and control environment in day-to-day decision-making.

These committees ensure that individual decisions align with the established risk appetite.

The risk function assumes the crucial responsibility of assessing the adequacy and effectiveness of the first line of defence risk governance and control activities. Their role includes setting appropriate risk limits to keep aggregate risks within the defined risk appetite. Additionally, they diligently monitor and

report the aggregate forward-looking risk profile relative to the risk appetite to board committees.

The Group implements a set of internal stress tests on a regular basis. These stress tests are designed to assess the resilience of the Group's balance sheet and capital adequacy, while also providing insights into how key elements of the Group's portfolio may behave during a crisis.

The stress tests conducted by the Group involve scenario analysis at various levels. This forward-looking approach helps anticipate potential impacts on the financial robustness of the Group. The analysis takes into consideration factors such as the existing balance sheet, business plans, current economic conditions, and future outlook.

The objectives of the Group's stress testing include:

- 1 Assessing the underlying risks under stress conditions, which helps in determining the Group's risk appetite.
- 2 Helping in identifying concentrations of risk and weaknesses in the Group's portfolio.
- 3 Evaluating the impact of strategic decisions made by the Group.
- 4 Integrating into the Group's planning process to examine the effects of the business plan on potential exposures.
- 5 Evaluating the financial robustness of the Group and the potential damage that may be caused by extreme events.
- 6 Analysing the sensitivity of the Group to shocks or exceptional but possible events.
- 7 Assessing the materiality of various risks faced by the Group.
- 8 Examining the Group's compliance with its risk appetite and risk capacity.
- 9 Supporting the Group's business divisions in understanding the risk map of various areas of activity and sectors.
- 10 Support the formulation of contingency plans to minimise the damage of extreme events.



Our Strategy & Sustainability Approach

Impact Analysis and Target Setting

As a financial intermediary, KCB Group plays a crucial role in driving economic growth and development while also significantly impacting the societies we serve. The Group underwent a portfolio impact analysis to ensure that our strategy and practice align with the vision that UNEP-FI has set out for us.

The exercise, which was done using the UNEP FI Portfolio Impact Analysis Tool for Banks, has been a continuous process of working diligently with all internal and external stakeholders to advance our activities towards responsible banking and enhance its business model where sustainability practices are improved and adopted. This impact analysis process, therefore, evaluated the Bank's practices, the impact of these practices and the reporting that follows to demonstrate our commitment, transparency and responsibility to the communities we work with.

This impact analysis focused on four countries in East Africa: Kenya, Uganda, Tanzania, and Rwanda, and we plan to finalise on the rest of the subsidiaries. We factored in that each country possesses unique characteristics and faces distinct challenges, making them crucial subjects of study in the context of this analysis report.

Impact Identification and Analysis

Upon analysis, it is evident that the Group has made remarkable strides in the Social pillar, showcasing a significant positive impact. This achievement can be attributed to the Group's active involvement in various social initiatives through the KCB Foundation and its subsidiaries. Towards economic development, the Bank has financed various sectors such as Manufacturing, Wholesale Trade, and Construction through the Corporate and Retail banking segments, and we have identified key positive and negative impact areas associated with the portfolio.

We offer a wide range of financial solutions through two key segments: corporate and retail banking. Our goal is to meet the diverse needs of our customers by providing tailor-made, market-leading products and services. Some of our offerings include digital

financial services, mortgages, bancassurance, investment banking, asset management, and Shariah-compliant products.

Through our business model, we support various sectors, including agriculture, forestry, and fishing, consumer banking, information and communication, manufacturing, construction, electricity, gas, steam, and air conditioning supply, and wholesale trade (excluding motor vehicles and motorcycles).

Despite the Corporate and Retail portfolio's significant positive social and economic impacts, it has a negative environmental footprint. The impact analysis process enabled us to identify the areas of negative impact and their catalysing sectors. The Bank's financing activities, particularly in sectors such as food product manufacturing, contribute to food waste. Similarly, the manufacturing of chemicals and chemical products, as well, can result in hazardous chemical waste and the production of toxic by-products, leading to resource inefficiency,

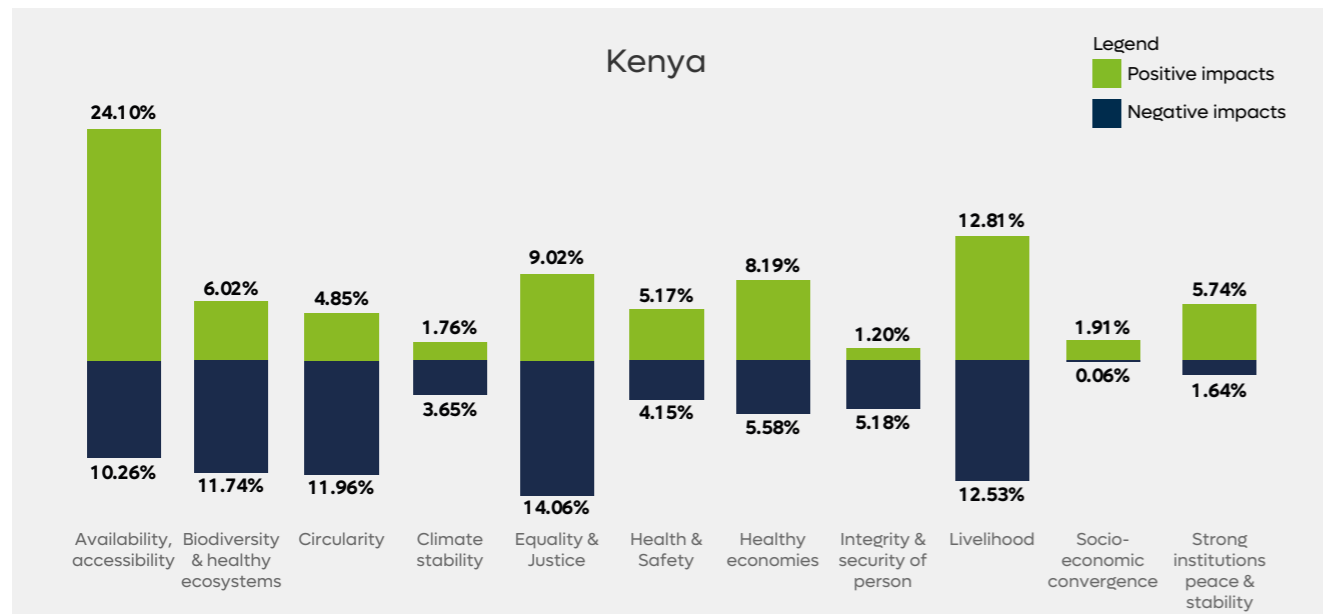


climate change, and soil degradation. Additionally, the manufacturing of basic metals and activities in the real estate sector contributes to the emission of pollutants and greenhouse gases, which are closely linked to climate change.

Through the analysis, we have identified 11 impact areas with both positive and negative effects in the highlighted sectors. Our analysis reveals that we have demonstrated particular significance in the following impact areas:

Significant Impact Areas	Alignment to SDGs
<p>Availability, accessibility, affordability, quality of resources & services</p>	<p>Through the Group's various initiatives, we support agricultural projects such as Mifugo ni Mali and water conservation efforts through Majikconnect, thus contributing to SDG 6. By providing financial support and expertise, KCB helps in ensuring the availability of essential resources to communities in need.</p> <p>Additionally, the Group supports healthcare initiatives, including health insurance programmes, which enhance access to quality healthcare (SDG 3).</p> <p>The organisation understands the importance of affordable education and infrastructure development, such as LPG financing & digital classrooms, in sustainable development. The Bank offers student scholarships, making education more affordable and contributing to SDG 4.</p> <p>The Group emphasises maintaining the highest standards of service delivery and ethical conduct. By adhering to strong governance principles, promoting transparency, and fostering trust, the Bank contributes to SDG 16, which aims to promote peace, justice, and strong institutions.</p>
<p>Biodiversity and Healthy Ecosystems</p>	<p>KCB contributes to SDG 11 by actively supporting projects that enhance greening through tree planting initiatives, which helps improve air quality and provide habitats for diverse species.</p> <p>The Bank promotes SDG 12 by supporting businesses and entrepreneurs engaged in green projects through green lending and ESDD visits, as well as screening our suppliers on ESG criteria.</p>
<p>Circularity</p>	<p>The Group embarked on initiatives to recycle waste paper, which significantly reduced the burden in our dumpsites. This contributed to SDG 11 and helped create sustainable and resilient communities. This has also been greatly supported through financing customers in the circular economy space, such as waste to energy and scrap metals to steel bars.</p>
<p>Equality and Justice</p>	<p>Promoting gender equality forms part of the initiatives that the Group is supporting to close gender gaps, such as FLME and WILN programmes contributing to SDG 5.</p> <p>The Group contributes to SDG 10 and helps create an equal society by providing access to financial services for the marginalised and underserved through platforms such as Pepele Mobile.</p>
<p>Livelihood</p>	<p>The Group recognises the significance of secure and remunerative livelihoods through the Zjajiri and Mifugo ni Mali programmes in lifting people out of poverty and thereby contributing to SDG 1.</p> <p>KCB actively supports initiatives that promote decent work for all and foster inclusive economic growth. By promoting entrepreneurship, job creation, and skills development, we contribute to SDG 8 and help create sustainable livelihood opportunities.</p>

Impact Areas - by Country

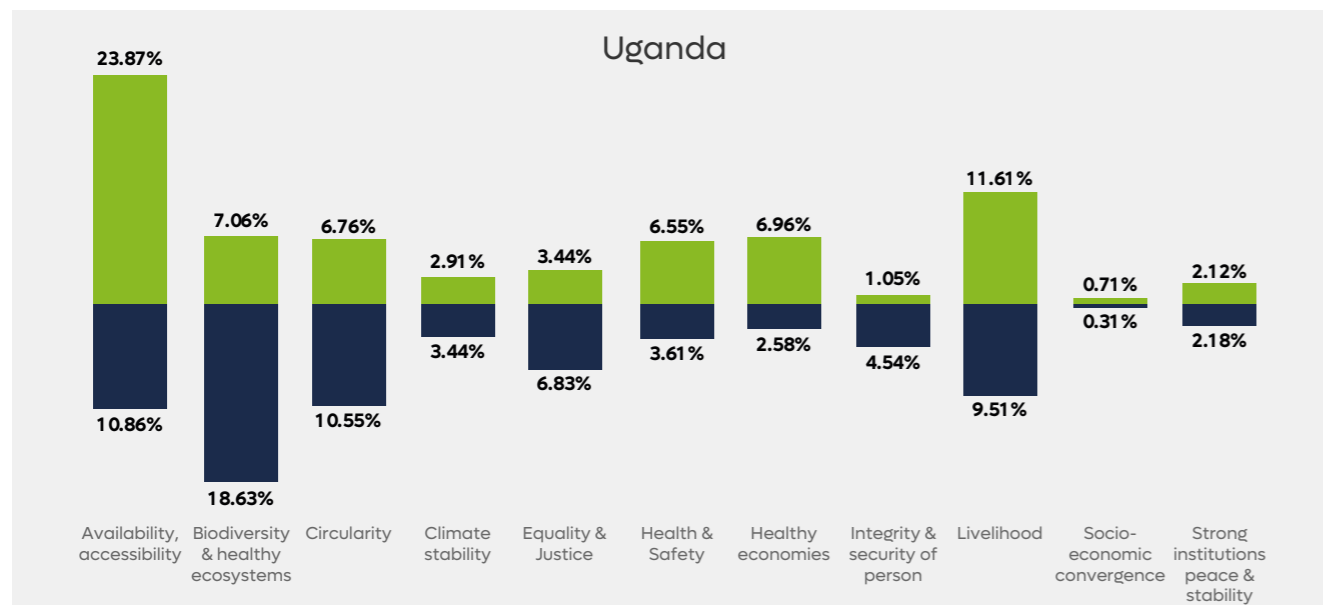


Significant Impact Areas

- Availability, Accessibility, Affordability, Quality of resources & services
- Livelihood
- Equality & Justice
- Biodiversity & Healthy Ecosystems
- Strong Institutions, Peace & Stability

Group's Contributions

KCB Bank Kenya is committed to environmental sustainability and community development. They have commissioned 2 solar-powered branches and launched a tree growing initiative that has planted 256,008 trees in 2023. The Bank assesses loan facilities and projects for potential impacts. They empower women through training programs and support growth in businesses through their MSME proposition. KCB Bank Kenya has partnered with Swedish International Development Cooperation Agency (SIDA) to de-risk SMEs and launched a guarantee scheme. They also provide scholarships to underprivileged students and are accelerating their digital proposition to enhance customer experience. The bank has made substantial investments in digital technology, boosting transactions and improving service delivery.

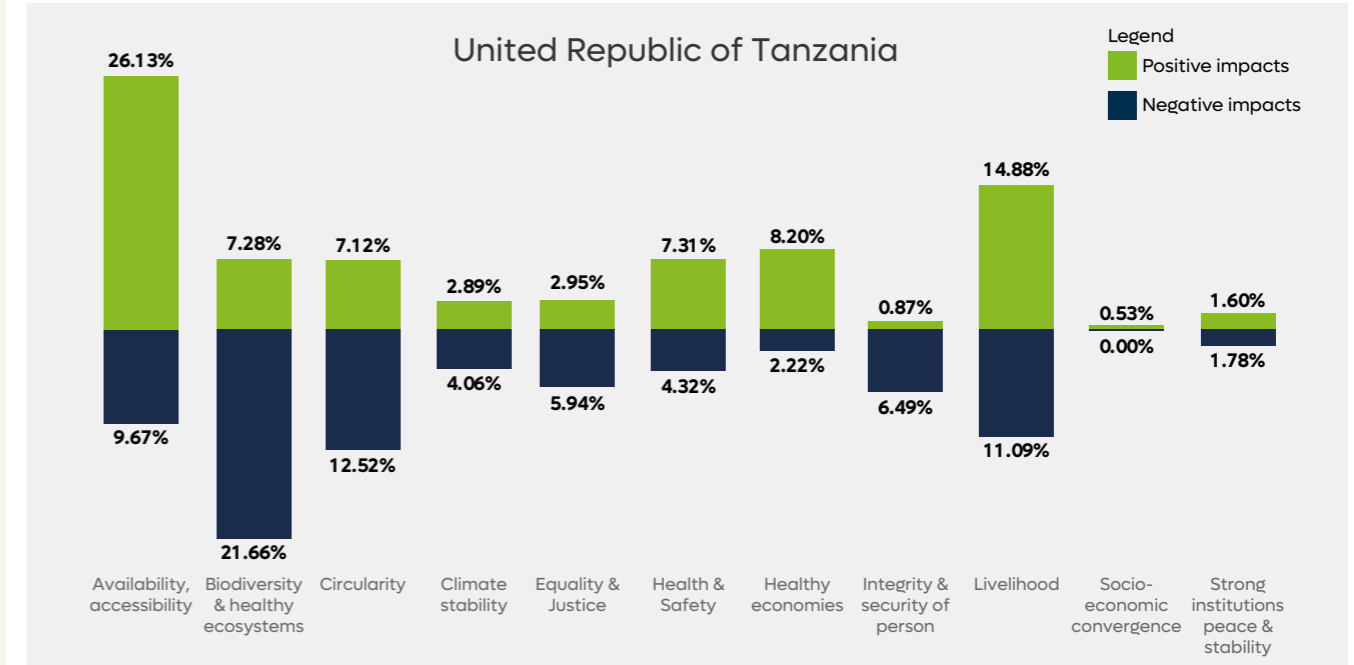


Significant Impact Areas

- Availability, Accessibility, Affordability, Quality of resources & services
- Livelihood
- Healthy Economies
- Circularity
- Health & Safety

Group's Contributions

KCB Uganda has embraced an Electronic Document Management System (EDMS) to streamline processes, reduce paper usage, and minimize environmental impact. With 14 branches fully using LED lighting, the bank has cut resource consumption by 11%. In 2023, KCB Uganda partnered with the Uganda High Commission and Jese, an environmental NGO, to plant 3,000 trees. ESDD integration into credit policies ensures comprehensive environmental assessments for loans over KShs. 27.4 billion. The bank also focuses on youth empowerment, providing skills training and toolkit loans at subsidized rates. The KCB-GIZ E4D Twekozese Project has empowered 2,165 youth, creating job opportunities and financial inclusion. 92% of transactions are now digital.

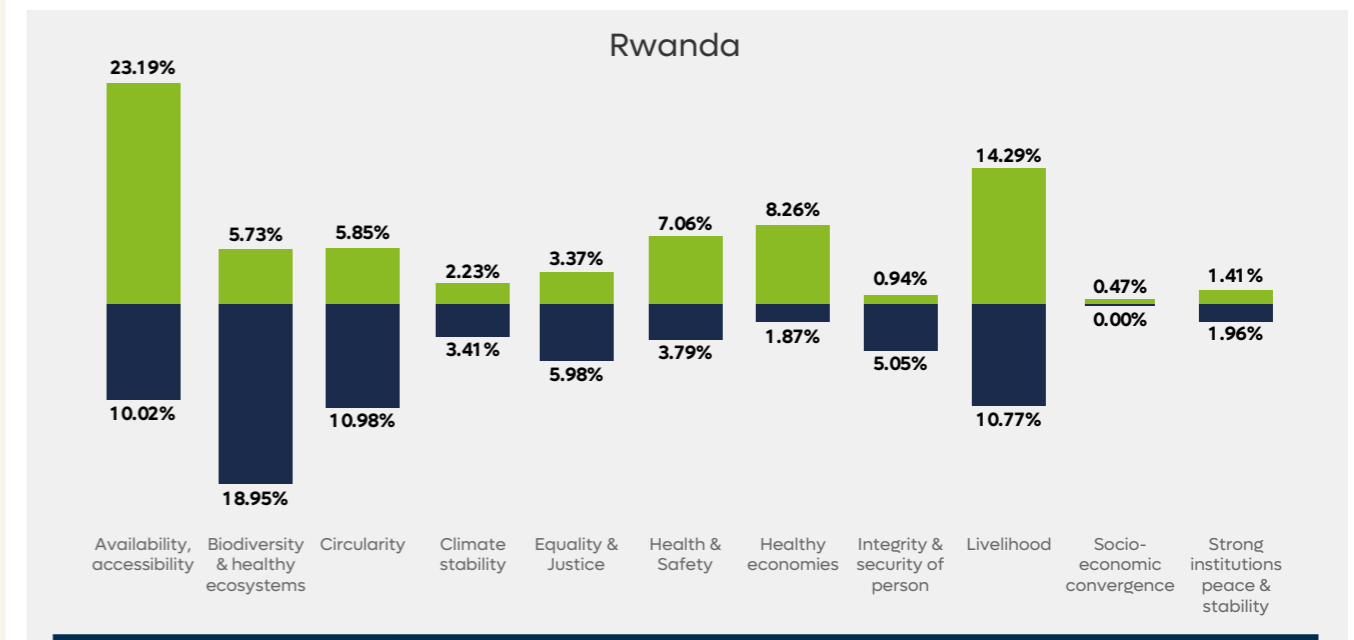


Significant Impact Areas

- Availability, Accessibility, Affordability, Quality of resources & services
- Livelihood
- Healthy Economies
- Health & Safety
- Biodiversity & Healthy Ecosystems

Group's Contributions

KCB Tanzania has exceeded expectations in their commitment to environmental sustainability and social responsibility. They surpassed their tree-planting target by successfully planting 6,050 trees, raising awareness about preserving the environment. The bank aims to plant 5,400 trees in 2024, with a specific target of 300 trees per branch. They have also integrated environmental and social considerations into their lending practices, assessing loans worth KShs. 67.8 billion, accounting for 30.5% of the total loan book. KCB Tanzania has partnered with the European Investment Bank to support women-led businesses and the blue economy. Their initiatives in education and youth empowerment have made a significant impact, and they continue to contribute to the betterment of society.

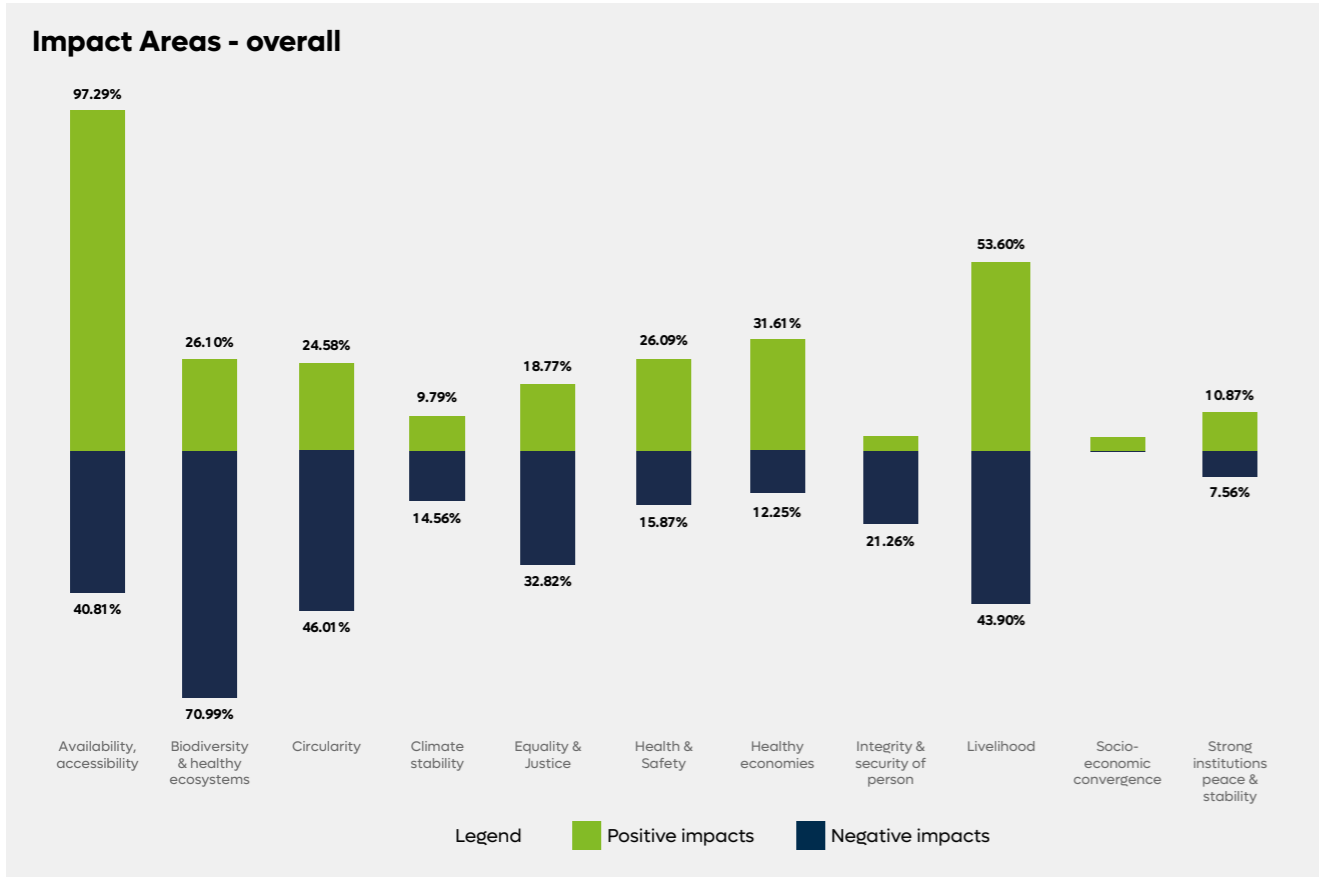


Significant Impact Areas

- Availability, Accessibility, Affordability, Quality of resources & services
- Livelihood
- Healthy Economies
- Circularity
- Health & Safety

Group's Contributions

BPR Bank PLC took proactive steps to combat climate change by planting 2,400 eucalyptus trees, showcasing dedication to mitigating climate change. The strategic selection of eucalyptus trees aids in carbon sequestration, promotes biodiversity, and supports communities. The bank plans to continue environmental conservation by planting 2,500 more trees in 2024. BPR Bank screened facilities worth KShs. 9 billion for corporate and SME entities, emphasizing environmental stewardship, social impact, and ethical governance. The due diligence process ensures supported businesses align with sustainable practices. The IGIRE programme has skilled 691 beneficiaries, generated 635 employment opportunities, sponsored 38 businesses, and facilitated 52 self-sponsored businesses. Integration of BPR and KCB Bank Rwanda created a unified entity, embedding KCB Group framework.



Target Setting

In alignment with the UN PRB requirements, we have committed to addressing the most impactful areas identified in our analysis. These critical areas include Biodiversity and Healthy Ecosystems, Circularity, and Livelihoods, all of which have been shown to exert the most significant negative impacts. At KCB Group, we are dedicated to setting targets aimed at tackling these essential impact areas, a commitment that is clearly articulated in both our preceding and upcoming strategies.



KCB Group Strategy

Beyond Banking: 2020-2023

From 2020 to 2023, KCB Group embarked on a transformative journey guided by the Beyond Banking strategy. This strategic framework was carefully designed to enhance customer experience, promote digital innovation, and expand our regional presence while maximising our positive impact.

This strategy, which served as a guiding pillar for our operations and growth initiatives, was anchored on four key pillars:



Our Progress and Impact of the Strategy

Thrust 1: Customer First with Leading Value Propositions

At the heart of this strategy lay an unwavering commitment to prioritise our customers' needs and aspirations. We aimed to deliver value through propositions tailored to their unique requirements, and we sought to deepen engagement, build trust, and forge lasting relationships. Below are some of our key achievements under this thrust.

Customer Obsession	#1 Retail Bank	#1 Corporate Bank	#1 Mortgage Bank
<p>Leveraged digitisation to reduce customer pain points.</p> <p>Closer and connected to customers.</p>	<p>Over KShs. 115 billion in loans to women-owned businesses.</p> <p>Over KShs. 100 billion in loans to MSMEs.</p>	<p>KShs. 526 billion in 2023 for trade finance book.</p> <p>171 new to bank corporate relationships.</p>	<p>Re-introduced mortgage as distinct business segment in 2023 (9% of loan book).</p> <p>Single digit rates for affordable housing.</p>

ESG Highlights

<p>51% promotion of 51% female employees from 47% in 2022.</p>	<p>KShs. >115Bn Over KShs. 115 billion loans disbursed to women-owned businesses under the KCB women value proposition.</p>	<p>KShs. 1.1Tn Screened a cumulatively of KShs. 1.1 trillion since 2020 under the ESDD process.</p>	<p>15% of the total loan portfolio consists of green loans.</p>
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Thrust 2: Step Change in Efficiency and Productivity

Recognising the imperative of operational excellence, we endeavoured to drive a significant leap in efficiency and productivity across all our operations. By harnessing the power of efficiency, we aimed to unlock new levels of performance and value creation. Key achievements under this pillar are highlighted below.

Upgraded core banking systems at BPR and NBK

Enhanced our shared services function

Digitised & automated key processes

Leveraged data analytics to prescore customers and cross sell

Outcomes

Shared services between KCB Kenya and NBK yielded **KShs 4.5 billion** in savings in the past 3 years.

64 processes automated through robotic process automation leading to simplified customer journeys.

Improvement on average credit turnaround time to **4.85 days** from the baseline of 7.97 days in 2019.

Implemented Branch Excellence Model which led to increased migration of transactions from branches to digital channels.

2,000+ additional hires in relationship management, sales, technology and digital financial services in the past 3 years.

ESG Highlights

11.14%

Reduction of carbon footprint intensity per staff.

30,000+

Jobs created under the Zjajiri programme to date.

Thrust 3: Digital Leader and Digital to the Core

99%

of transactions by number conducted through non branch channels helping us drive exceptional customer experience.

59%

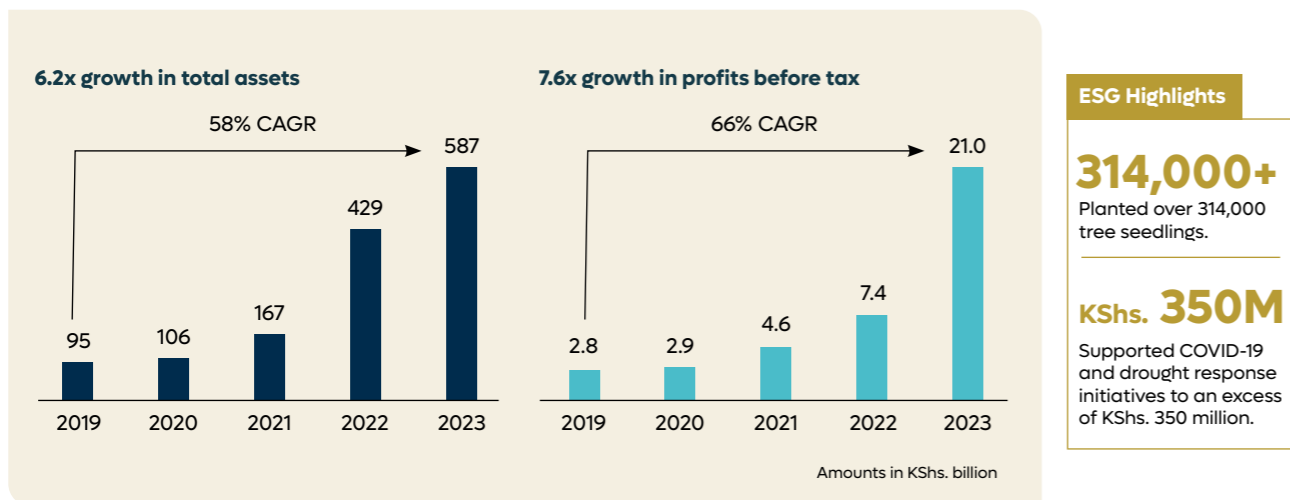
of transactions by value conducted through non branch channels. Value of transactions through branches flat at **KShs. 4.4 trillion.**

77%

Growth in value of mobile loans disbursed driven by Fuliza, introduction of term loans on KCB Mobi and new mobile lending products for small businesses.

Thrust 4: Scale to Achieve Regional Relevance

As a regional powerhouse, we set our sights on expanding our footprint and solidifying our presence across the region. We aimed to leverage our scale and resources to penetrate new markets, deepen our reach, and catalyse economic growth. Our progress and achievements under this pillar are highlighted below.



Beyond Banking Strategy

As we wrap up our **Beyond Banking strategy**, we take this opportunity to reflect on the milestones we've achieved and the invaluable lessons we've learned during this transformative period. We are thankful for the positive impacts we've made, as highlighted in our impact analysis, including enhanced availability, accessibility, affordability, and quality of resources and services for our customers and the communities we serve.

Guided by our unwavering commitment to excellence and innovation, we are ready to embark on the next phase of our journey, building upon the strong foundation established by our strategic pillars.

With a renewed sense of purpose and determination, we look forward to shaping a brighter and more prosperous future for our customers, employees, and communities across the region.

Transforming Today Together: 2024-2026

As the Beyond Banking strategy came to a close in 2023, KCB Group recognised the necessity for a fresh strategic direction to maintain its competitive edge in the market. To address the gaps in digital and analytics identified in the previous strategy, we launched a comprehensive three-year strategy titled **'Transforming Today Together,'** which will guide us from **2024 to 2026**. This significant shift also includes redefining KCB's brand purpose from 'Go Ahead' to the more inclusive and aspirational tagline, **'For People. For Better.'**

Strategic Pillars

1. Customer-Centred Value Propositions



Under this pillar, KCB is committed to enhancing customer service by offering holistic solutions tailored to meet diverse needs. The focus is on value chain banking to strengthen deposit retention and ensure consistent service quality across all markets. With numerous corporate clients operating across multiple regions, our challenge is to ensure uniform offerings, services, products, and pricing across all our markets. KCB commits to enhancing customer service by providing holistic solutions tailored to diverse needs. The customer-centred approach is demonstrated through the broad product proposition offered and more that we seek to develop to meet our evolving customer needs. This will foster financial inclusion and economic empowerment, thus contributing to SDGs 1, 8 and 9. Our customer-centred value approach is evident through the wide product proposition we offer.



2. Leveraging Our Group Capabilities



Harnessing the extensive capabilities within KCB Group, efforts are directed towards seizing opportunities in syndicated lending, facilitating cross-border payments, and ensuring seamless money transfers across regions. Enhanced collaboration and cohesive teamwork are crucial in delivering a unified service experience. Through enhanced collaboration and cohesive teamwork, we aim to also support SDG 17 by fostering partnerships and alliances that contribute to sustainable finance and development across the markets where we operate.



3. Digital Leadership



In response to the changing digital landscape, KCB is determined in its pursuit of digital transformation. This involves a complete revamp of mobile and internet banking services to meet the evolving demands of customers who increasingly seek convenience and accessibility. While we have made strides in enhancing our mobile and internet banking platforms, there are still ample opportunities for improvement. Presently, key functionalities, such as opening an account end-to-end digitally or ordering essential banking tools like cards and chequebooks, remain areas where we are eyeing to enhance our services. In these three years, our focus will be on enhancing our digital platforms, ensuring scalability not only within Kenya but across all our markets.



4. Optimising Data and Analytics



Recognising data as a fundamental asset, KCB aims to use it responsibly to provide unmatched customer experiences. The goal is to establish a hyper-personalised banking experience similar to the customised recommendations on streaming platforms. Here's how we plan to do it:

- Creating a unique banking journey tailored to individual preferences and needs.
- Introducing gamification, especially for younger users.
- Incentivising users for achieving specific financial goals, such as reaching savings targets or conducting transactions through our digital channels.

Our ultimate objective is to transform how people perceive banking, making it a pleasant and user-friendly experience where every login brings rewards and customer data is safeguarded. By emphasising exceptional user experiences, we aim to create an interactive and enjoyable banking environment for everyone. This commitment aligns with our larger mission to promote Peace, Justice, and Strong Institutions, reflecting our dedication to SDG 16.

Our Strategic Enablers

1. Execution Excellence

At the core of KCB's operations is a culture of innovation and execution. Aligned with the Bank's brand purpose, 'For People. For Better.', this enabler seeks to foster a culture that promotes innovation, collaboration, and continuous improvement.

2. Technology Evolution

Investing in future-ready capabilities is crucial for KCB's technological progress. Updating outdated technology platforms and enhancing digital security is essential in meeting evolving customer expectations and industry standards.

3. Risk Resilience

Managing emerging threats, especially in cybersecurity, is vital to protecting the integrity of KCB's systems and customer data. A dynamic enterprise risk framework enables quick adaptation and effective mitigation against unforeseen events.

4. Sustainable Citizen

At KCB Group, our top priority is ensuring that our business strategy is perfectly aligned with our stakeholders and society. We understand that our success as a company is deeply intertwined with the well-being of the communities we serve. Therefore, we have embraced various frameworks and agreements, such as the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks (covered in the Guiding Framework and Standards Section).



Through our innovative business model, and carefully crafted strategy, we are committed to meeting the diverse needs of our customers while also contributing to sustainable development. We recognise that everyone has unique requirements, and we strive to provide tailored solutions that address their specific challenges and aspirations.

We are dedicated to sustainability, aligning our efforts with the UNEP FI Portfolio Impact analysis and the UN SDGs. We have adopted 14 out of the 17 UN SDGs and monitor key metrics to track our progress and ensure our actions contribute to sustainable development. Our new strategy, "Transforming Today Together: 2024-2026," emphasises sustainability as a strategic enabler. A key component, "Sustainable Citizen", focuses on empowering communities through initiatives like the 2jijiri and scholarship

programs, enhancing skills and improving livelihoods.

Environmental conservation is a priority. Our LPG green financing program for schools promotes cleaner energy, and we track carbon footprints across subsidiaries to reduce our environmental impact. By promoting clean energy and monitoring emissions, we aim to contribute to a greener future and align our business strategy with the SDGs.

Aligning to the North Star

The North Star represents our commitment to impact and acts as a guiding light for our operations. It helps measure our impact and progress towards achieving our goals. At KCB Group, our commitment to sustainable development is the guiding principle that shapes our actions and strategies. This dedication is reflected in every aspect of our operations, driving us to create a positive impact on the environment and society.

The Group's alignment with global frameworks, like the UN SDGs and the Paris Climate Agreement, allows us to have a broader impact on the environment and society. By incorporating these goals and principles into our practices, we actively work towards creating a positive and lasting change. Whether it's promoting energy efficiency, supporting education and agriculture initiatives or fostering financial inclusion, we are dedicated to making a difference in the world.

The SDGs outline the key priorities and aspirations for global sustainable development by the year 2030. They aim to mobilise efforts on a global scale and establish a common set of goals and targets. The SDGs call for action from governments,

businesses, and civil society to eradicate poverty and create a life of dignity and opportunity for everyone while also considering the limits of our planet.

Businesses are explicitly called upon to use their creativity and innovation to address the development challenges of our time while also ensuring the protection of future generations. The success of the SDGs relies heavily on the action and collaboration of all actors involved.

The North Star metric helps us prioritise decision-making, align teams, and focus on impact and sustainable growth with the goal of achieving the range of benefits below:

- **Long-term:** The North Star concept highlights the significance of long-term brand building. It encourages us to focus on creating value for customers and providing them with something of value. The Group has made significant long-term impacts on its employees, communities, and customers. In terms of our communities, we are proud to have created over 100,000 jobs, which not only enhances the livelihoods of individuals but also ensures the lasting effects of our contributions extend to the households that will benefit from them.
- **Collaborate and Align:** Communication is crucial in achieving collaboration and alignment. By promoting open and transparent communication within and between teams, we ensure that everyone is on the same page and working towards the same outcomes. The Group has established an effective and accessible communication channel called Powerhouse, which allows our staff to engage and connect. Furthermore, we have also developed an open and transparent digital platform that enables our customers to interact with us and build awareness about our products and services.
- **Adapt and Adjust:** The North Star concept promotes a culture of continuous learning and improvement. By aligning with the SDGs, we identify areas for improvement and innovation. This alignment encourages us to seek new technologies, practices, and partnerships that contribute to sustainable development. We've formed important partnerships with institutions like UNAITAR to drive the widespread adoption of electric motorbikes valued at KShs. 1.8 million.

- **Refine:** The North Star concept and alignment with the SDGs encourages us to optimise our processes for efficiency and effectiveness. By critically evaluating existing processes and identifying bottlenecks or inefficiencies, we can refine our workflows to streamline operations, reduce waste, and improve overall performance. Our banking services have undergone significant digitisation, with over 99% of customer interactions now happening through digital channels. This shift has brought convenience, personalised services, and enhanced customer experiences.
- **Collective Value and Progress:** The North Star concept and alignment with the SDGs inspire businesses to innovate and develop scalable solutions to sustainability challenges. By sharing innovative practices and technologies, we can contribute to collective progress and create positive impacts at a larger scale. This collective innovation drives continuous improvement and accelerates the achievement of the 14 SDGs we have embraced. Additionally, we have implemented a dashboard with specific metrics to track our progress and contributions towards achieving these goals.

The North Star represents our commitment to sustainable development and acts as a guiding light for our operations.

The Group's Adopted Goals



To align with the North Star concept and effectively address the identified negative impact areas while maximising positive ones, KCB Group adopted 14 SDGs that underpin its sustainability initiatives. These goals present us with opportunities to develop and implement business-led solutions and technologies that tackle sustainable development challenges.

By embracing the SDGs as a global agenda for societal development, we are showcasing how our business contributes to advancing sustainable development by minimising negative impacts and maximising positive outcomes for both people and the planet.

To track our progress, we have incorporated an SDG dashboard, which contains data related to various goals for the years 2021, 2022, and 2023. The data




includes key performance indicators (KPIs) such as the number of active MSMEs lending relationships, the number of new hires, the value of loans extended to groups/chamas, and many others. Each KPI is associated with a specific SDG, such as SDG 1: No Poverty, SDG 2: Zero Hunger, SDG 3: Good Health and Well-being, SDG 5: Gender Equality, SDG 6: Clean Water and Sanitation, SDG 7: Affordable and Clean Energy, and SDG 8: Decent Work and Economic Growth.



By utilising the dashboard, we can monitor our progress, identify areas for improvement, and ensure that our actions are aligned with our commitment to sustainable development.

Our SDG Impact

SDG	KPI	2021 DATA	2022 DATA	2023 DATA
	• Active MSMEs lending relationships	47,364	63,514	29,303
	• Value of loans extended to groups/chamas	KShs. 68 million	KShs. 98 million	KShs. 131 million
	• Number of group/chama accounts	59,197	68,350	79,733
	• Number of group trainings on financial literacy	143	1,050	2,425
	• Value of micro deposit mobilisation	KShs. 4.3 billion	KShs. 5.3 billion	KShs. 42.53 billion
	• Amount of money disbursed for Inua Jamii programme	KShs. 11 billion	KShs. 5.3 billion	KShs. 11.8 billion
	• Number of beneficiaries served through Inua Jamii programme	561,321	359,386	442,750
	• Frustrated frauds (value)	561,321	137.5 million	362.7 million
	• Number of direct jobs created under the KCB 2jijiri programme	3,513	4,128	13,352
		• Number of households supported under the KCB 2jijiri programme	Not reported	6,000
• Value of support (funds committed) under the KCB 2jijiri programme		Not reported	KShs. 22 million	KShs. 6.5 million
	• Number of schools supported in LPG financing for their cooking needs	Not reported	24	72
	• Number of Females supported for entrepreneurship (incubations)	Not reported	1,790	1,376
	• Number of males supported for entrepreneurship (incubations)	Not reported	2,235	1,501
	• Rise in the total value of loans extended to MSMEs, corporates, public and private WSPs (NBK)	Not reported	310 million	697 million
	• Number of beneficiaries accessing clean water (NBK)	Not reported	294,114	251,294
	• Number of water tanks donated to schools and other institutions through the KCB Foundation	69	24	111
	• Number of individuals accessing improved sanitation stands (NBK)	Not reported	64,007	67,357
	• Number of branches solarised	Not reported	1	1

SDG	KPI	2021 DATA	2022 DATA	2023 DATA
	• Value of transactions done by agents	KShs. 538.2 billion	KShs. 502.1 billion	KShs. 654.4 billion
	• Number of transactions done by agents	56.64 million	55.46 million	61.1 million
	• Number of loans processed under mobile banking	6 million	9.9 million	10.09 million
	• Number of registered KCB M-Pesa users	18.7 million	20.6 million	21.5 million
	• Value of Mobi loans disbursed	KShs. 12.7 billion	KShs. 21.5 billion	KShs. 33.4 billion
	• Number of employees below 35 years	2,085	Group - 3,839 KCB Kenya - 2,437	Group - 4,887 KCB Kenya - 3,338
	• Number of persons with disability trained under 2jijiri programme	112	11	27
	• Number of youth supported for entrepreneurship (incubations)	1,871	4,025	2,877
	• Percentage of employees per age group (under 30)	Not reported	Not reported	33.60%
	• Percentage of employees per age group (30-50)	Not reported	Not reported	60.20%
	• Percentage of employees per age group (over 50)	Not reported	Not reported	6.20%
	• Number of new employees by age group (under 30)	Not reported	Not reported	Group - 1,305 KCB Kenya - 1,115
	• Number of new employees by age group (30-50)	Not reported	Not reported	Group - 443 KCB Kenya - 392
	• Number of new employees by age group (over 50)	Not reported	Not reported	Group - 3 KCB Kenya - 3
		• Value of loans screened through ESDD (new and refinancing)	KCB Kenya - KShs. 244 billion	KCB Kenya - KShs. 270 billion
• Number of agribusiness loans		1,272	1,779	2,517
• Value of agribusiness loans		KShs. 1.4 billion	KShs. 2.35 billion	KShs. 3.6 billion
• Products and innovations addressing social issues / challenges, e.g. COVID-19		14	6	13
	• Value of loans disbursed under women's value proposition	KShs. 44.6 billion	KShs. 75.3 billion	KShs. 111.09 billion
	• Number of beneficiaries of Women in Leadership forum	250	250	349
	• Number of employees living with disability	0.57	36	35
	• Number of Biashara Club forums	199	187	219
	• Proportion of niche (PWDs, teen mothers & FGM victims) scholarships awarded	Not Reported	125	227
	• Number of MSME beneficiaries for training under Biashara Club	26,637	9,917	11,674
	• Number of KCB Kenya Board diversity by age group (30-50)	Not reported	3	1
	• Number of KCB Kenya Board diversity by age (over 50)	Not Reported	5	5

SDG	KPI	2021 DATA	2022 DATA	2023 DATA
 11 SUSTAINABLE CITIES AND COMMUNITIES	• Life Assurance	KShs. 820 million	KShs. 1.2 billion	KShs. 1.8 billion
	• Value of Healthcare Insurance	KShs. 680 million	KShs. 813 million	KShs. 1.03 billion
	• Value of agribusiness insurance	KShs. 14.6 million	KShs. 23.7 million	KShs. 18.07 million
	• Number of Bancassurance policies issued	33,438	35,408	53,118
	• Value of Bancassurance Premiums	KShs. 3.21 billion	KShs. 4.25 billion	KShs. 5.26 billion
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Resource usage of electricity energy, water, fuel & paper	-17%	-7%	+17%
	• LED lighting in KCB Branch Network %	40%	52%	50%
	• Percentage spent on procurement - local spend %	62.9%	75%	70%
	• Percentage spent on procurement - international spend %	37.10%	25%	30%
	• Local versus International spend supplies			
	Local spend	KShs. 6.89 billion	KShs. 6.1 billion	KShs. 8.2 billion
	International spend	KShs. 4.06 billion	KShs. 3.4 billion	KShs. 3.5 billion
	• Percentage spent for Special Group Suppliers of the procurement plan	3.8%	6.1%	7.5%
	• Group's overall carbon footprint	-11.25%	-5%	+8%
	• Number of solarised branches	Not reported	1	1
 13 CLIMATE ACTION	• Percentage value of Green Loans	8.4%	12.3%	15%
	• Capacity building on sustainable finance	3,358	3,892	3,860
	• Value of Support (grants for LPG in schools)	Not reported	KShs. 14.3 million	KShs. 3.2 million
	• Number of branches that have planted trees	Not reported	21	202
	• Number of trees planted	Not reported	10,781	314,129
	• Number of policies aligned to sustainable finance	Not reported	3	3
	• Amount of waste paper generated	Not Reported	13,687	73,890
	• Amount of waste paper diverted from disposal (recycled)	Not reported	13,687	73,890

SDG	KPI	2021 DATA	2022 DATA	2023 DATA
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Percentage of achievement of anti-money laundering awareness across the group	100%	95.7%	96%
	• Number of employee engagement forums, e.g. town halls, feedback surveys etc.	177	153	126
	• Percentage of suppliers signed up to the code of ethics	31.3%	53.1%	81.3%
	• Frustrated fraud incidences	474	113	249
	• Total number of training days taken	35,120	18,917.96	20,511
	• Learner days per staff	7.446	3.426545916	3.43
	 17 PARTNERSHIPS FOR THE GOALS	• Number of partnerships in Mifugo ni Mali (Farmer Producer Organisations - FPOs)	31	96
• Number of schools operating accounts with KCB		84,609	85,347	114,304
• Value of money operating in KCB accounts		KShs. 16.4 billion	KShs. 10.3 billion	KShs. 9.3 billion
• Number of active local suppliers		715	682	651



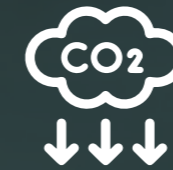


Risk Management



Climate-Related Risk Management

KCB Group has implemented significant measures to improve its management of climate-related risks and integrate climate risk issues into its operations. The Group revised four key policies, clarifying the roles and responsibilities of different business units in relation to climate risk. Notably, the KCB Group Enterprise Management Risk (ERM) Framework was updated in August 2022 to include climate-related risk as a principal risk, recognising the importance of addressing climate change in the Bank's risk management practices.



To monitor our environmental impact, we conduct continuous assessments of our carbon footprint.

The Group has revised its Risk Appetite Policy, Sustainability Policy, and KCB Kenya Credit Policy to incorporate practices related to climate risk management, ensuring that its risk appetite aligns with its commitment to addressing climate-related risks.

To monitor our environmental impact, we conduct continuous assessments of our carbon footprint. The Group publishes quarterly assessment reports with a specific focus on Scope 1 and Scope 2 emissions. This allows the Group to track its progress and identify areas for improvement in reducing its carbon emissions. Furthermore, the Bank has calculated its baseline financed emissions for 2023, taking into consideration its main carbon-intensive sectors. We aim to understand and analyse climate-related risks, and we are committed to regular and transparent reporting to help communicate and track our progress. We will advocate the same from our customers, suppliers and the industry.

Our climate action agenda is focused on achieving a net zero target by 2050. To support this goal, we joined the Net Zero Banking Alliance (NZBA), a global alliance of financial institutions committed to achieving net zero emissions by 2050. By aligning our lending portfolio with this goal, we are part of a collective effort representing over 40% of global banking assets.

The Bank will progress to set targets and put a decarbonisation strategy with plans to mitigate our environmental impact in these

sectors. For financed emissions, we plan to set targets in line with the NZBA guidelines by setting 2030 targets. As the NZBA defines 2030 as intermediate, we will plan to use different time horizons that will define our short-term, medium-term and long-term targets.

Recognising the importance of promoting sustainable practices, we have developed a Green Loans Framework to ensure that its lending activities align with environmental sustainability goals. The Group has committed to direct 25% of its total loan portfolio towards green investments by 2025, demonstrating its dedication to supporting sustainable initiatives and transitioning to a low-carbon economy. We have also provided Green Finance and Sustainability training for various business units to enhance employees' understanding of climate risks and opportunities, fostering a culture of sustainability within the organisation.

To ensure responsible lending practices, the Group has established a comprehensive Social Environment Management System. This system helps identify, avoid, and manage potential environmental and social risks associated with lending activities. These actions reflect our commitment to expanding our climate ambitions and proactively contributing to environmental protection.

To strengthen our capabilities in carbon management and climate risk, we are actively developing our management and reporting systems. Future disclosures on related risks are reliant on our stakeholders sharing relevant data for disclosures. This will, in turn, inform greenhouse gas emissions, targets and plans, and related risks. The Bank continues to recognise the importance of transparency on climate disclosures but also the availability of client awareness on climate risks which will support the enhancement of climate risk procedures and reporting. This will enable the Bank to align its strategy with international best practices and remain at the forefront of sustainable banking practices.

Social Risk Management

In 2023, KCB Group strategically promoted sustainable insurance products tailored to meet customers' Environmental, Social, and Governance (ESG) needs. This included offerings such as health insurance to encourage healthy lifestyles, e-mobility insurance to support environmentally friendly transportation, and climate risk insurance to address emerging climate-related risks.

To enhance financial literacy and inclusion, we implemented various initiatives and programmes such as workshops, seminars, and educational events aimed at empowering individuals with essential financial management skills and information about insurance. The goal was to provide financial protection and encourage sustainable behaviour among underserved communities.

Collaboration with insurance providers was a key strategy for developing innovative insurance solutions. We actively participated in product development processes, conducted regular reviews, and maintained feedback loops to ensure that products and services met evolving customer needs, market competitiveness, and regulatory requirements.

In response to regulatory changes and industry developments, particularly in data protection and digitalisation, we adapted relevant and efficient strategies. There was a heightened focus on digital channels for customer onboarding and engagement, leveraging the use of soft records to enhance efficiency and customer experience.

To tap into the low penetration of insurance products in the market and grow its market share, we focused on embedding insurance into our existing financial offerings, increasing distribution channels, investing in customer training, and continuously developing products to meet evolving market needs. We leveraged our extensive distribution network and data mining capabilities to distribute insurance products, support regional bancassurance players, and enhance customer service. In 2023, we launched new products such as Sanlam products, FLME, Uzima Tele, and Zep Re 105% Mortgage. These additions expanded the Group's portfolio, positively impacting the market and contributing to its growth trajectory and market competitiveness.

In line with SDG 17 on Partnerships, we forged strategic partnerships with Sanlam Insurance for life insurance and Britam Insurance for health insurance. These partnerships paved the way for launching new products, enhancing our proposition, and improving client service offerings. Despite the competitive nature of the insurance intermediary field, we maintained our position as the third-largest market shareholder by focusing



Notably, the rapid uptake of Sanlam life insurance policies, with 1,000 policies sold within the first 8 months, showcased the division's ability to effectively meet customer needs and drive customer engagement.

through the branch network, and a diverse range of prequalified underwriters, enhancing their insurance experience.

Notably, the rapid uptake of Sanlam life insurance policies, with 1,000 policies sold within the first 8 months, showcased the division's ability to effectively meet customer needs and drive customer engagement.

The Group's concerted efforts in promoting sustainable insurance products, enhancing financial literacy, fostering partnerships, and leveraging synergies positioned it as a key player in the competitive insurance landscape. These efforts drove growth and positive outcomes for customers while contributing to the Bank's market competitiveness.

on superior customer service and leveraging the digital space.

Customers interacting with the Group's Bancassurance division experienced tailored coverage, increased financial security, accessibility

Through KCB Bancassurance Intermediaries Limited (KBIL), we actively contribute to achieving the SDGs:

1 NO POVERTY

Group's Contribution

- KShs. 412 M** in Medical Product
- KShs. 300M** in Mortgage Protection
- KShs. 130M** in Last Expense
- KShs. 81M** in Elimisha Plus

8 DECENT WORK AND ECONOMIC GROWTH

Group's Contribution

- WIBA, Group Life & Group Personal Accident insurances for Employees.
- Credit Life, Key Man Insurance, Combined

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Group's Contribution

- KShs. 250M** in Total Premiums on Industrial related Insurances

10 REDUCED INEQUALITIES

Group's Contribution

- 53%** of KBIL employee are female
- 50%** KBIL Board female representation

13 CLIMATE ACTION

Group's Contribution

- 108** number of KBIL staff that engaged in tree planting activities across the branches
- 277** policies worth **KShs. 18M** in premiums in Agriculture Insurance

17 PARTNERSHIPS FOR THE GOALS

Group's Contribution

Internal:

- KCB Foundation Insurances**
 - Mifugo ni Mali, Green House Insurance, Zjjajiri initiatives

External:

- KBIL – Sanlam Life Partnership
- KBIL – Old Mutual General Insurance Partnership
- KBIL – Britam Medical Partnership

Nature-related Risk Management



As part of the Bank's sustainability agenda, the Bank undertook a deep-dive into assessing our nature-related risks with an aim of gaining a comprehensive understanding of the unique characteristics of these risks.

This will in turn ensure that we are looking into the pivotal role in ensuring the health and stability of our natural capital. This is the beginning of this assessment and we aim to eventually gauge our level of exposure and develop robust risk management strategies.

The Bank understands that these nature-related risks are intricately linked to the resilience of our ecosystems and by reporting on these risks we are contributing to the overall resilience of natural systems, enabling them to better withstand and recover from natural shocks such as floods and droughts.

By recognizing the significance of reporting on nature-related risks, KCB Group is actively contributing to the preservation and stewardship of our natural resources. Through careful assessment and comprehensive reporting, we can foster a more sustainable financial system that not only safeguards our economic stability but also ensures

By recognizing the significance of reporting on nature-related risks, KCB Group is actively contributing to the preservation and stewardship of our natural resources.

the long-term well-being of our environment.

To this end, KCB Group has embarked on a nature-related risk identification and assessment process to understand our nature-related risks and these relate to different industry sectors. By conscientiously considering the potential ramifications of these risks and proactively implementing appropriate measures, our Group aspires to bolster our risk management framework while simultaneously advancing our sustainability goals.

Risk Identification

To effectively manage and mitigate nature-related financial risks, KCB Group has undertaken a comprehensive nature risk identification and assessment process. This involves identifying and assessing risks associated with climate change, biodiversity loss, and ecosystem degradation within the Group's operations and investments.

To facilitate this process, we worked with Financial Sector Deepening (FSD) Africa to identify the various physical and transition risks associated with nature.

Through the tool the Bank identified the agriculture, tourism, restaurants and hotels, energy and manufacturing sectors to be the most susceptible to nature-related risks.

Manufacturing Sector

The Manufacturing sector, in particular, has been pinpointed as having the highest exposure of over **KShs. 103.6 billion**.

The primary contributors to this exposure are soil pollution, water use, and GHG emissions. The regions bearing the brunt of this exposure are Machakos, Nairobi, Kajiado, and Mombasa. Several risks that can occur have been identified, including deforestation for the construction of manufacturing plants, which can have detrimental effects on freshwater ecosystems. Additionally, pollution caused by effluents from industries can lead to contamination of these vital ecosystems.



Energy Sector

Conversely, the Energy Sector has an exposure exceeding **KShs. 64.7 billion**.

The impacts associated with this sector are diverse, including GHG Emission, Biodiversity Loss, Disturbance of food security patterns, and soil pollution. It's crucial to note that the repercussions of these impacts will be felt across all counties, underscoring the widespread nature of these risks. Transition risks that may arise include regulations that restrict the abstraction of water for hydro power use, the absence of feed-in tariffs to support renewable energy, and the establishment of net metering guidelines that promote the phase-out of petroleum-based energy sources.



Agriculture Sector

The sector currently has an exposure surpassing **KShs. 13.9 billion**.

The consequences include soil depletion, biodiversity loss, and greenhouse gas emissions from livestock rearing primarily impacting Uasin Gishu, Kwale and Trans Nzoia counties. Physical risks involve soil pollution from fertilizer use, while transition risks stem from fertilizer use regulations. Climate-smart agriculture practices can mitigate these challenges. Soil degradation and low crop productivity are prevalent issues, highlighting the importance of land management and conservation. Climate change may cause vegetation shifts, necessitating mitigation strategies such as reducing emissions and adopting sustainable practices. Addressing soil degradation and implementing sustainable agriculture and land management practices are crucial for long-term productivity and environmental sustainability.



Tourism, Restaurant and Hotels Sector

The Sector has an exposure of over **KShs. 29 billion**.

Improper disposal of waste can have significant impacts on the natural environment. It can lead to the despoiling of nature assets such as rivers, scenic areas, and roadsides. Additionally, the construction of hotels, recreation facilities, and other infrastructure often results in increased sewage pollution, which can damage the flora and fauna in seas and lakes surrounding tourist attractions. Poor waste management, including pollution caused by improper waste disposal, can have potential physical risks with Nairobi county being one of the locations to be mostly affected. It can contaminate the air, drinking water, soil, crops, livestock, and fish, which can impact the health of the general population.

By carefully considering the potential consequences of these risks on the Group's operations, stakeholders, and the environment, we are better equipped to implement proactive measures and risk mitigation strategies. This approach strengthens our overall risk management framework, fosters transparency and accountability, and advances sustainability goals.



Nature Self-assessment

In the process of adopting the TNFD (Task Force on Nature-related Financial Disclosures), the Group collaborated with the Financial Sector Deepening (FSD) Africa team to establish a baseline for evaluating our operations in relation to different frameworks. This assessment allowed us to identify specific areas that require attention and prioritise them accordingly.

By conducting this evaluation, we were able to define the Group's current state, establish 3-month and longer-term ambitions across various components of the framework. This strategic approach enables us to focus our efforts and

work towards achieving our goals in a systematic manner.

The assessment reveals that the Group's long-term ambitions are to reach the 'Advanced' stage for Nature Risk management, Data & analytics, and Metrics & targets. However, the starting points for us are below 'Basic' for Metrics & targets and overarching activities. This indicates a need for prioritisation in these areas for short-to-medium term improvement. From the assessment, we are to prioritise Governance and Strategy pillars in the medium and long term, with regular revisits and refining of these priorities.

The assessment was able to benchmark us against other leading African financial institutions to gauge our readiness.

The key observations identified are:

- Financial Institutions, despite their productivity, are starting from a low base on all dimensions.
- Most Financial Institutions do not see themselves reaching highly advanced capabilities, even as a long term ambition.
- Financial Institutions aim to build on the overarching capabilities, such as increasing the accuracy and detail of the nature-related risk assessment by analysing in more detail upstream and downstream nature interfaces and using geospatial data.
- Strategy and Governance were identified as key to gaining traction as they represent an important internal signal to the rest of the Group that nature is a priority.



TNFD Framework Implementation

The Group has identified sectors that are highly exposed, along with their respective impacts, risks, and dependencies based on the nature-related heatmap. After conducting a self-assessment, Governance and Strategy were identified as the key focus areas for addressing the foreseen risks. To address these risks, the Group has established a TNFD Roadmap that will serve as a guide. The roadmap outlines the steps and actions that need to be taken to mitigate the identified risks and improve the Group's overall readiness.



Governance

Commitment

The Group to put in processes and define the frequency by which the board and/or board committees—such as audit, risk, or other committees—are informed about nature-related dependencies, impacts, risks, and opportunities across the organisation's direct operations and its upstream and downstream value chains. This includes outlining the main features of board-level oversight of sustainability reporting processes, which encompasses risk management practices and the utilisation of both internal and external audit and assurance resources. Additionally, the Group's management or committees must disclose the responsibilities of the board and board committees in assessing and managing these nature-related dependencies, impacts, risks, and opportunities within their reporting.

Activities		
Short Term (1 year)	Medium Term (3 years)	Long Term (5 years)
Incorporate nature related risks in the due diligence process. Immediate reporting of any significant nature-related incident. Annual sessions focused on aligning the organization's strategy with nature-related goals and targets.	A report on nature-related metrics and recent developments. Incident reports to include impact assessments and proposed mitigation measures. Scenario planning for future nature-related dependencies and impacts.	Detailed reports and presentations to the board, including long-term risk assessments and strategic recommendations. Extensive studies and reports on the long-term environmental impacts of the organization's financed investments.
To incorporate nature related reporting into the sustainability reporting process.	Detailed report of the Board's involvement within the risk management process and assurance of the sustainability report.	
Clearly indicated in the Banks policies a description of the managements highest level of responsibility and accountability for nature policies, commitments and targets;	Alignment on the frequency of communication of performance and progress in priority locations to management.	



Strategy

Commitment

The Group to disclose the location of impacts concerning the locations identified in its Strategy, specifically indicating whether these impacts relate to the Group's direct operations or its upstream and downstream value chains. Additionally, the Group must provide information on the resilience of its strategy, business model, and value chain in response to nature-related changes, developments, and uncertainties while considering the nature-related risks and opportunities identified in the Strategy. Furthermore, the Group should describe the processes and actions it has implemented to effectively respond to the material dependencies, impacts, risks, and opportunities it has identified.

Activities		
Short Term (1 year)	Medium Term (3 years)	Long Term (5 years)
The Group to provide a description of the location with the impact aligned to the Impact pathways: <ul style="list-style-type: none"> The Banks impact driver(s) and external factors that are affecting the state of nature. Clearly stating; How these impact drivers and external trends lead to changes in the state of nature in these location(s); How the availability of ecosystem services is affected; 	The Group to define the material dependency on nature: Including the location of the dependency, with reference to the locations identified in the Strategy and whether the dependency relates to the organization's direct operations, or upstream or downstream value chain(s);	The dependency pathway, including: <ul style="list-style-type: none"> The environmental asset(s) and ecosystem service(s) the Bank depends on; The associated impact driver(s) and external factors that are affecting the state of nature and availability of ecosystem services.
A description of any interconnections between the Banks dependencies and impacts		

Activities	
Short Term (1 year)	Medium Term (3 years)
A description of the material risks and opportunities it has identified that could affect its business model, value chain, strategy and financial position and how these arise from its dependencies and impacts on nature.	
A review of the Group's strategy and identification of gaps against the identified nature risks and material topics.	The Bank to use nature-related scenario analysis to assess its strategy resilience, using an approach that is commensurate with the Banks circumstances.
The Bank to disclose the ways in which the strategy, business model and value chain may be affected over the short, medium and long term by key trends and critical uncertainties regarding: <ul style="list-style-type: none"> Physical risks associated with nature loss and possible tipping points in locations material to its business model and value chain. Transition risks, such as changes in government policy and regulation, litigation risk and shifting consumer expectations, and the degree of alignment or misalignment of those transition risk uncertainties An overview of how the strategy might change to address possible trends and uncertainties, including a description of how the Bank took into consideration location specificity	The Bank to review the potential effects, if assessed, of an increased level and/or increased rate of change of nature-related risks and opportunities on financial performance (i.e. revenues and expenses) and financial position (i.e. assets and liabilities) over the short, medium and long term The resources and capacity the Bank has, or plans to put in place, to adapt and make identified changes to its strategy to address future changes in the potential effects of nature-related risks and opportunities The Bank to report on the use of scenario tools and methodologies, to inform its thinking about the resilience of its strategy, including a brief description of the scenario narratives used, the time horizons considered and the key insights gained.
A review of the current risk framework and identify areas of synergy to align towards the nature material dependencies, risks and impacts. An outline of how the Bank makes and implements decisions to avoid and reduce negative impacts on nature, regenerate and restore ecosystems and transform business practices, following the mitigation hierarchy and principles of extended producer responsibility An outline of any current or anticipated policies or efforts to planned to mitigate nature-related risks, manage nature-related issues and/or contribute towards the goals and targets in the GBF	The Bank to describe the current and anticipated changes to business practices, investments in new technologies or research and development, decisions about the location of business operations, and collaboration with other partners and stakeholders Current and anticipated changes to the Banks engagement through multi-stakeholder planning processes, such as landscape approaches, watershed management and marine and coastal spatial planning;



Materiality and Stakeholder Engagement

Materiality

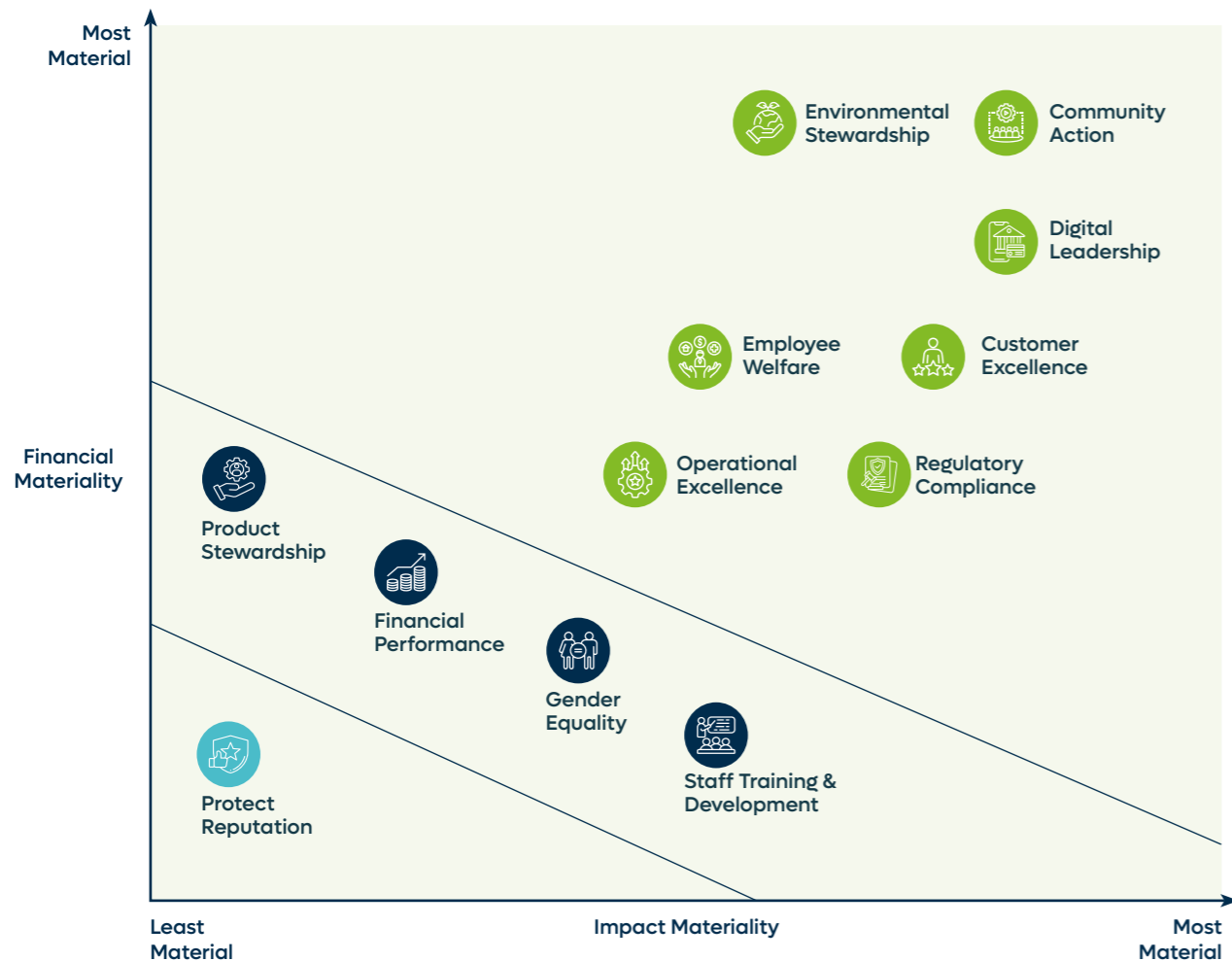
To effectively address the most impactful issues affecting our business, we engage with our stakeholders through various methods, as detailed in our stakeholder engagement matrix. Their insights help us pinpoint the issues that matter most to them and, consequently, to our business.

To deepen our understanding of these key issues, we constantly monitor evolving trends in the banking industry through comprehensive analysis. This includes desktop research of materiality trends, benchmarking against industry peers and existing sustainability frameworks like the Global Reporting Initiative (GRI). As a result, these material issues have been recognised as significant and recurring in the current reporting year, making them essential for disclosure and reporting.

For each identified material topic, we have evaluated both the potential and actual impacts on the Group's operations, referred to as Financial

Materiality. Additionally, we assessed the subsequent impacts of the Group's operations on society and the environment, known as Impact Materiality. In this evaluation, we considered various factors such as scope, scale, remediability, and likelihood of occurrence.

After aligning these crucial factors, we ranked the topics based on their significance and established thresholds to determine which topics were considered material. We have defined qualitative cutoff points for what constitutes significant impacts that necessitate reporting. The results of the assessment are clearly illustrated in the materiality matrix below.



Our commitment to continuous improvement is unwavering, and we acknowledge that stakeholder priorities evolve over time. To ensure our measures and public reporting remain relevant, we are committed to continuously assessing and refining our approach. The table below illustrates how the different material topics can affect the Group financially while also considering the broader impacts on society and the environment.

ESG Framework	2023 Material Topics	Impact Materiality	Financial Materiality	How we've addressed
Environmental	Environmental Stewardship	Impact on biodiversity, climate change, afforestation programmes, conservation of natural resources	Potential cost savings from resource efficiency, potential risk of regulatory fines for non-compliance, attracting eco-conscious customers	<ul style="list-style-type: none"> • KShs. 68 million set aside for tree planting & growing for 5 years • Undertake carbon footprint analysis • Resource Consumption Tracking • Calculation of financed emissions • Total of KShs. 615 bn worth of projects screened for environmental & social risks • Onboarded green loans amounting to KShs. 21.4 bn • Provided a cumulative grant of KShs. 72 million towards 72 schools
	Operational Excellence	Effects on supply chain sustainability	Improved Efficiency leading to cost reductions, Enhanced competitiveness	<ul style="list-style-type: none"> • Maker-checker implemented to minimise losses resulting from process failures • 32 suppliers were assessed for ESG-related risks • 81.3% of our suppliers ascribe to the Supplier Code of Conduct • Improved salary processing from three days to 35 minutes • Over 60 processes were automated hence eliminating labour-intensive manual processes
Social	Customer Excellence	Enhanced customer satisfaction and retention	Increased revenue growth through customer loyalty	<ul style="list-style-type: none"> • Implemented Net Promoter Score to assess overall customer experience • Achieved a 61% Net Promoter Score • 35% improvement in Customer Satisfaction • Pledged an annual sum of KShs. 50 billion towards Female-Led and Made Enterprises • Over 3000 women received skills training
	Digital Leadership	Impacts on data privacy and ethical use of technology	Opportunities for innovation and market leadership, potential cybersecurity risks	<ul style="list-style-type: none"> • Both the USSD channel and KCB Agent Mtaani facilitated over 60 million transactions valued at KShs. 654.4 bn • Mobi loans were transacted at a value of KShs. 33.4 bn • One physical server now accommodates an average of 100 virtual servers, resulting in substantial energy savings • There's a Cyber Intelligence and Security Operations Centre (CISOC) to detect and respond to cybersecurity risks and incidents
	Creating shared value	Positive contributions to local economies and social equity	Long term profitability through community engagement and sustainable practices	<ul style="list-style-type: none"> • Partnered with 120 Farmer Producing Organisations (FPOs), providing funding support to farmers • Provided 1,326 scholarships to needy but bright students • Achieved 99% completion rate of Form 1 to Form 4 students • Loans worth KShs. 246 million has been disbursed under the Zijajiri programme • KShs. 697 million has been disbursed to facilitate the financing of the Water, Sanitation and Hygiene sectors under the NBK-WASH programme
	Employee welfare	Effects on employee health, safety, and overall workplace culture	Reduced turnover costs and increased productivity; potential legal liabilities	<ul style="list-style-type: none"> • Achieved an Organizational Health Index (OHI) Score of 80 • Managed an attrition rate of 7.9% • Women accounted for 51% of the total employees • 80% of the workforce enjoy full-time employment • A total of 759 employees were promoted • KShs. 74.6 mn spent on enhancing staff skills • KShs. 38 bn allocated towards employee benefits
Governance	Regulatory compliance	Broader societal impacts of compliance failures, such as environmental degradation	Avoidance of fines and legal issues; improved investor confidence	<ul style="list-style-type: none"> • Monitoring regulatory developments to stay ahead of emerging requirements • Prioritising capacity building & training to equip employees with the knowledge, skills and competencies of the regulatory landscape

The table above illustrates the significance of the material topics from both financial and impact perspectives



Materiality

Environmental Stewardship

KCB Group has consistently demonstrated its dedication to addressing environmental and climate issues. The Group goes above and beyond by incorporating environmental considerations into its decision-making processes. This commitment sets us apart as a responsible and environmentally conscious entity .



Responsible Consumption

As a Group, we have adopted SDG 12 and SDG 13, focusing on monitoring our resource consumption. We track fuel, water, electricity, waste, and paper annually to reduce usage and calculate financed emissions. With these goals in mind, we set annual operational targets, successfully reducing our carbon footprint. Additionally, we monitor financed emissions across various sectors, enhancing our commitment to environmental protection and sustainability. Through these efforts, we strive to make a positive impact on the environment.

Operational Emissions

To gain a comprehensive understanding of its environmental impact, KCB Group conducts a thorough carbon footprint analysis. This assessment encompasses emissions from Scope 1 and Scope 2 sources, which includes fuel for generators (Diesel), vehicles (petrol) and which are the indirect emissions associated with our consumption of purchased electricity. The Group calculates its resource consumption for paper and water and this is reported as well. The Group has expressed its emissions in 'tonnes of carbon dioxide equivalent' (tCO₂e), the standard measure for comparing the impact of different greenhouse gases relative to one unit of CO₂.

measuring progress toward sustainability goals. By thoroughly examining these emissions, the Group demonstrates its commitment to transparency and accountability in managing its environmental impact.





Recognising the significance of accurate carbon emissions calculations, KCB Group has adopted specific emission factors as published by the International Energy Agency (IEA) and the UK Government Departments for Environment, Food and Rural Affairs (DEFRA). These standardised factors ensure consistency and enable precise measurement of carbon emissions, further demonstrating the Group's commitment to transparency and adherence to international standards.

Calculation of the Group's financed emissions has enabled us to set baselines and targets for

Based on these calculations, KCB Group's total carbon footprint was determined to be **11,510,506 kgCO₂ eq** compared to the Group's footprint of **10,617,906 kgCO₂ eq** in 2022. The increment in the Group's carbon footprint was attributed to the increase in staff numbers. Additionally, the Bank assessed the carbon footprint intensity per staff member, which stood at a reduction of **11.14%** at **1,104.97kgCO₂ eq**. This metric provides valuable insights into the Group's carbon emissions in relation to its workforce, empowering the Bank to identify areas for improvement and enhance its environmental stewardship efforts.



The GHG Emissions are as follows:

SCOPE 1		SCOPE 2	
 Total Fuel Use (litres):	1,125,868.54 2023	730,548.44 2022	 Total Energy (kWh):
			16,975,272 2023
			17,325,662 2022
 Emissions (tCO ₂ eq):	3,039.8 2023	1,972.4 2022	 Emissions (tCO ₂ eq):
			8,470.6 2023
			8,645.5 2022

Resource Consumption

The KCB Group experienced a mixed bag of changes in resource consumption. The Group consumed a total of 16,975,272 kWh of power, which was a 2% decrease compared to the 17,325,662 kWh consumed in 2022, indicating a focus on energy efficiency and conservation. Similarly, total water consumption amounted to 110,630,064 litres, which represented a 10% decrease compared to the 122,331,444 litres consumed in 2022. This reduction in water consumption reflects the Group's commitment to responsible water management and conservation practices.

In 2023, the Group used a total of 53,713 paper reams, which demonstrated a 3% increase compared to the 51,717 reams used in 2022. The rise in paper consumption suggests a need for further emphasis on digitalization and paperless practices to minimise environmental impact and reduce paper waste. Despite the challenges we have faced, we have made considerable progress

in our recycling efforts. Through our partnership with Chandaria Industries, we have successfully recycled over 73 tons of paper waste.

The fuel consumption for KCB Group was measured by considering the vehicle mileage and the use of generators. In 2023, the Group consumed a total of 1,125,868 litres of fuel, which demonstrated a significant 54% increase compared to the 730,548 litres consumed in 2022. The increase in fuel consumption was majorly contributed to dependency in vehicles and generators during outages in South Sudan and Tanzania as these experienced the biggest increase.

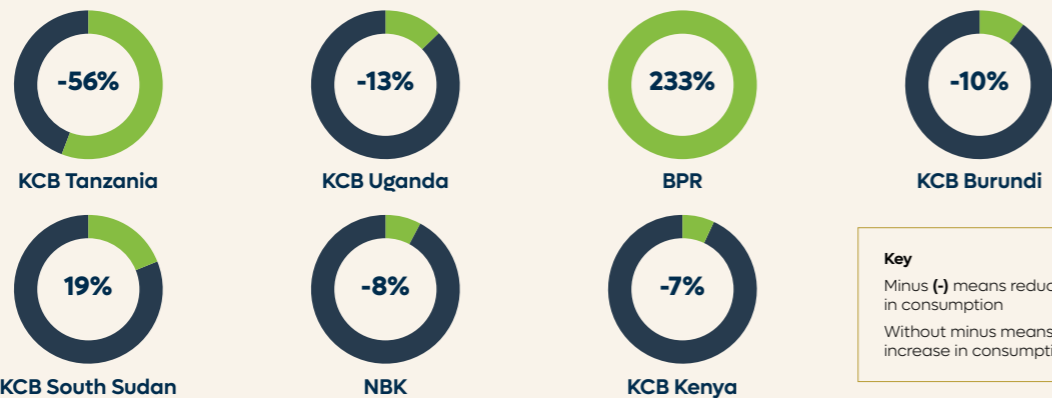
As a result of these changes, the overall resource consumption increased by 17% as of December 2023, leading to an 8% increment in the carbon footprint of the Group. This increase underscores the importance of continuous monitoring and implementation of sustainable practices to mitigate environmental impact and promote resource efficiency.

Note: BPR performance demonstrates a significant surge in resource utilisation within the bank. This notable increase in resource consumption can be attributed to the recent merger of Banque Populaire du Rwanda and KCB Bank Rwanda, resulting in the formation of BPR Bank Rwanda PLC. The consolidation of these entities likely led to an expansion in operations and subsequent resource demands.

Power Consumption

KCB Kenya demonstrated a commendable decrease in power consumption, with a 7% reduction, reflecting their conscious effort to enhance energy efficiency and reduce reliance on power sources. Similarly, NBK showed an 8% decrease in power consumption, indicating their commitment to enhancing energy efficiency. On the other hand, KCB South Sudan experienced a significant increase in power consumption, with a surge of 19%, reflecting an elevated demand for energy in the region. However, KCB Burundi demonstrated notable improvements in resource conservation, achieving a 10% reduction in power

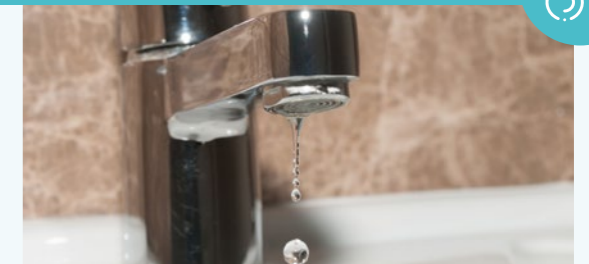
consumption. BPR experienced a substantial surge in power consumption, with a staggering increase of 233%. KCB Tanzania witnessed a significant decrease in power consumption, with an impressive 56% reduction. Similarly, KCB Uganda made efforts to reduce energy usage, resulting in a 13% decrease in power consumption. These figures highlight the diverse trends in power consumption across different regions and subsidiaries of KCB Group. It is evident that KCB Group is actively working towards enhancing energy efficiency and reducing their environmental impact.



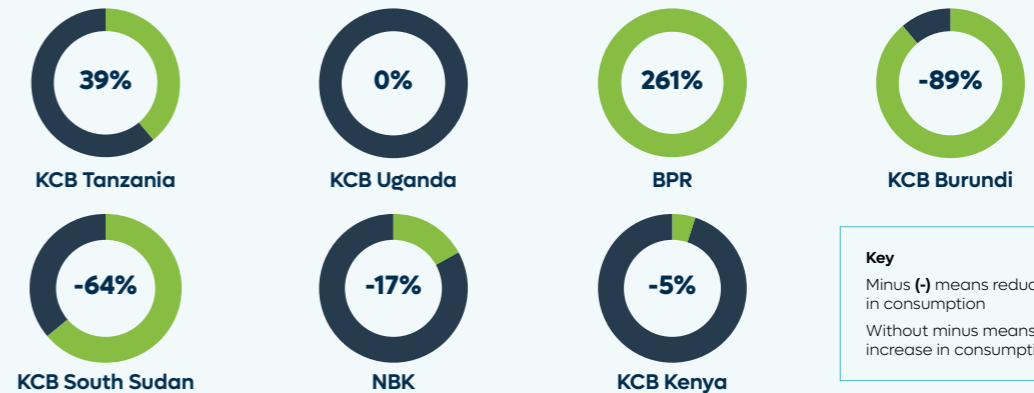
Key
Minus (-) means reduction in consumption
Without minus means increase in consumption

Water Consumption

Specifically, KCB Kenya achieved a 5% decrease in water consumption, demonstrating their dedication to responsible water usage. Similarly, NBK witnessed a significant decrease of 17% in water consumption, highlighting their commitment to responsible water management and conservation. In KCB South Sudan, water consumption exhibited a substantial decrease of 64%. This reduction could be attributed to water conservation measures or operational changes aimed at reducing water usage. KCB Burundi also made remarkable progress, achieving an impressive 89% decrease in water consumption. On the other hand, BPR experienced a significant increase in water consumption, with a surge of 261%.



KCB Tanzania witnessed a notable increase of 39% in water consumption. However, KCB Uganda's water consumption remained unchanged, indicating a stable usage pattern. From the analysis, it is evident that we are actively working towards responsible water management and conservation, while also addressing the specific needs and challenges in each region.



Key
Minus (-) means reduction in consumption
Without minus means increase in consumption



Specifically, KCB Kenya achieved a 5% decrease in water consumption, demonstrating their dedication to responsible water usage.

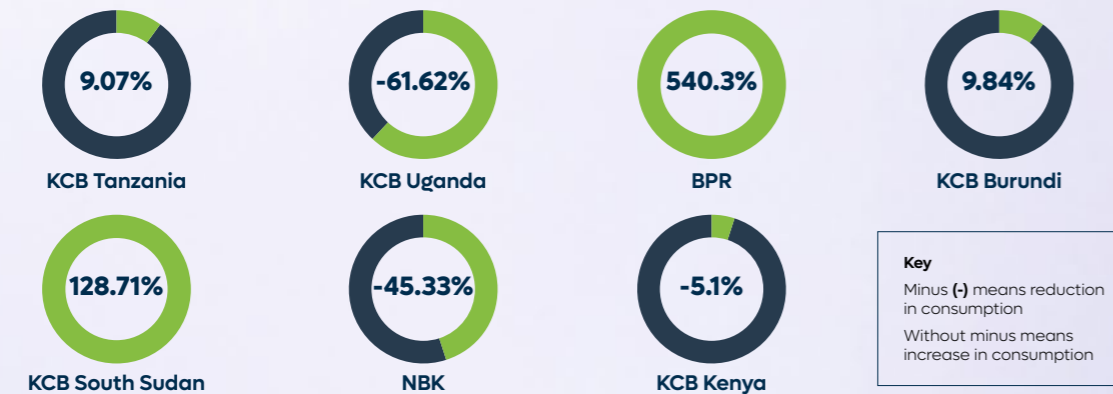


Paper Usage



KCB Kenya achieved a decrease of 5.10% in paper consumption, indicating their focus on digitalization and paperless processes. This shift towards digital practices aims to minimise environmental impact, promote sustainability, and reduce the reliance on paper. Similarly, NBK made impressive progress in reducing paper consumption, achieving a reduction of 45.33%. This significant decrease highlights their commitment to digitalization and paperless practices, promoting sustainability and minimising paper waste. In contrast, KCB South Sudan witnessed a substantial surge of 128.71% in paper consumption. This increase suggests potential changes in operational practices or a higher demand for documentation in the region. In KCB Burundi, there were slight increases in paper consumption, amounting to 9.84%. While these increases are noteworthy, it is important for KCB Burundi to continue exploring ways to minimise paper usage and promote sustainable alternatives. BPR

experienced an exponential rise in paper consumption, with a staggering increase of 540.30%. This surge in paper usage calls for attention to implement strategies for paper waste reduction and digital transformation. KCB Tanzania witnessed a moderate rise of 9.07% in paper consumption. As paper usage increases, it is crucial for KCB Tanzania to consider sustainable practices and explore digital alternatives where possible. However, KCB Uganda demonstrated a substantial decrease in paper consumption, with an impressive reduction of 61.62%. This decrease reflects their commitment to minimising paper waste and promoting digital alternatives. The performance highlights the varied trends in paper consumption across different regions and subsidiaries of KCB Group. It is evident that while some regions have made progress in reducing paper usage, there is still a need to explore sustainable alternatives and further promote digitalization to minimise environmental impact.

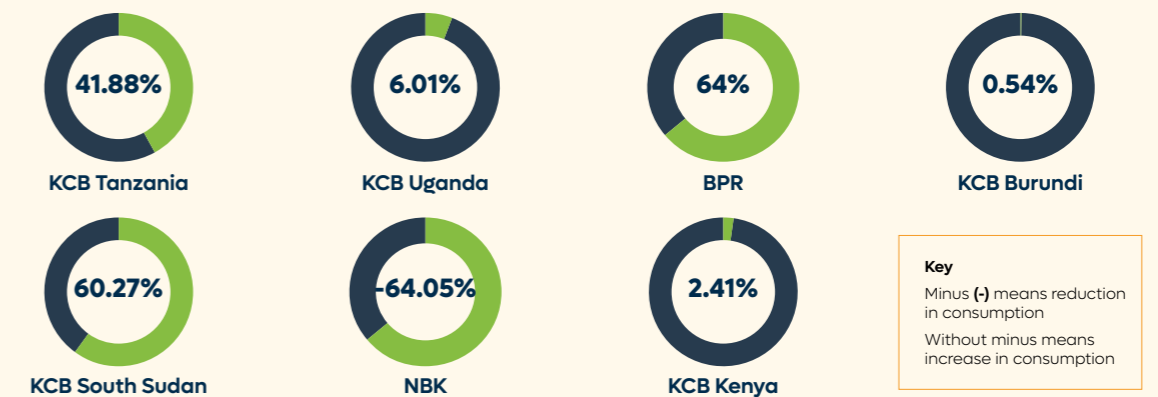


Fuel Consumption



In KCB Kenya, there was a slight increase of 2.41% in fuel consumption. This marginal rise could be attributed to various factors, such as changes in operational requirements or external influences affecting fuel usage. On the other hand, NBK showcased its dedication to optimizing fuel efficiency and reducing its carbon footprint with a substantial decrease of 64.05% in fuel consumption. This significant reduction reflects NBK's commitment to sustainable practices and fuel conservation. In KCB South Sudan, fuel consumption experienced a considerable increase of 60.27%. This rise can primarily be attributed to a power outage in South Sudan, which resulted in a heightened dependency on fuel for diesel generators. This temporary situation necessitated an increased consumption of fuel to maintain essential operations. KCB Burundi witnessed

a modest rise of 0.54% in fuel consumption. While this increase is noteworthy, it is essential for KCB Burundi to continue exploring ways to optimize fuel usage and minimise environmental impact. Similarly, BPR experienced a significant increase of 64% in fuel consumption. This surge calls for attention to implement strategies to improve fuel efficiency and explore alternative energy sources. KCB Tanzania witnessed a substantial increase of 41.88% in fuel consumption. As fuel usage rises, it becomes crucial for KCB Tanzania to prioritise fuel efficiency measures and explore sustainable alternatives. Lastly, KCB Uganda experienced a slight increase of 6.01% in fuel consumption. This modest rise in fuel usage suggests the need for continued efforts to optimise fuel efficiency and explore eco-friendly practices.





Resource Efficiency

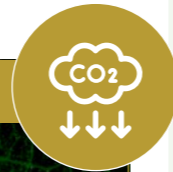
Across the Group, several initiatives are in place to ensure sustainable use of the Bank's resources. We installed solar power at the KCB Maasai Mara Branch and KCB Wajir Branch to reduce energy consumption. In 2023, we embarked on an overview of all 206 branches to identify those that can run on solar power to reduce lighting energy consumption. Moreover, there are plans to install at least 19 branches with energy-efficient LED lighting in 2025.

Through the Bank's resource efficiency initiatives the Group introduced ATM

monitoring through common systems, card production in Kenya, automation of processes to reduce printing and paper handling, and implementation of digital signatures to reduce paper usage. Robots were also deployed to perform repetitive tasks previously carried out by employees hence involving staff in strategic roles.

The Group took a proactive approach towards environmental responsibility by collaborating with NEMA-approved vendors to ensure the proper disposal of its electronic devices.

Financed Emissions



It is important to note that financed emissions make up the emissions that arise from the activities and projects financed by the bank in the real economy. KCB Group appreciates that measuring and reporting financed emissions can be complex and many financial institutions are still in the process of developing methodologies and practices for disclosure. As part of its ambitious goal to achieve Net Zero emissions by 2050, we embarked on an exercise to determine the bank's financed emissions for various sectors. This exercise started with KCB Bank Kenya with an aim to determine the baseline financed emissions, to set targets and finally have in place a decarbonisation strategy with a roadmap on how to achieve these targets.

To further this progress, we engaged Carbon Trust to quantify our portfolio footprint (financed emissions) for the financial year 2023 (FY 2023).

The exercise was focused on Scope 3, Category 15: Investments for KCB Group Plc's subsidiary, KCB Bank Kenya.

The asset classes included in the calculations for FY 2023 are:

- Commercial real estate
- Business loans
- Motor vehicle loans

The methodologies used align with the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry. PCAF provides guidance for financial institutions to assess and disclose GHG emissions from their loans and investments, ensuring transparency, identifying climate-related risks and opportunities, and setting emission reduction targets in alignment with the Paris Agreement.

Data quality is crucial for accurate emissions calculations. The PCAF Standard outlines a data quality hierarchy, scoring data from 1 to 5, with 1 being the most accurate. From the exercise the Bank identified different data quality scores for each asset class and set up a plan to improve data accuracy in future assessments.

The different asset classes were assessed and provided the analyses:

1. Commercial Real Estate

The emissions were calculated using two main PCAF options including:

→ **Option 2b:** This method, which had an average PCAF score of 4, was used when data on Outstanding Balance, Property Value at Origination, and Floor Area were available. Emissions were calculated by multiplying the attribution factor by the floor area, estimated energy consumption, and the average electricity emission factor in Kenya. Due to the lack of specific energy consumption data for CRE, South African building energy intensity data (126 kWh/m²/year) was used as a proxy.

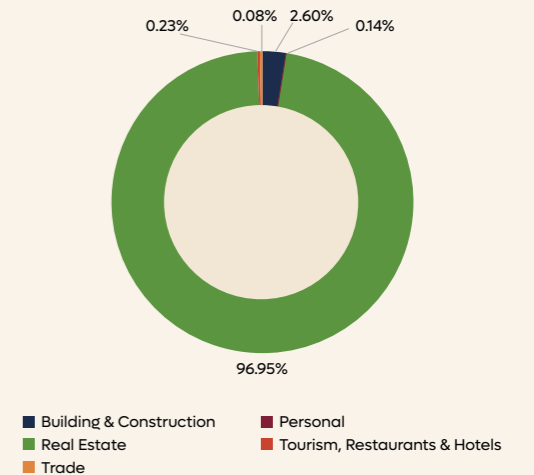
→ **Option 3:** This option was used when floor area data was unavailable, this method assigned a PCAF score of 5. It relied on statistical energy consumption data for commercial customers in Kenya, using an annual energy consumption estimate of 180,000 kWh per year.

From the analysis, it was determined that the Commercial Real Estate portfolio's total emissions were dominated by the Real Estate sector, which accounted for just over 10,000 tCO₂e, making up 97% of the portfolio's emissions. The remaining emissions were distributed among the Building & Construction, Personal, Tourism, Restaurant & Hotels, and Trade sectors.

To improve the data quality, the bank plans to do the following:

- Collect Scope 1 and Scope 2 data from companies to calculate supplier-specific emission factors.
- Acquire official building energy labels.
- Standardise data collection for Property Value at Origination and Floor Area.
- Obtain actual building energy consumption data through invoices and metre readings.
- The figure below provides an overview of the results of the financed emissions assessment within the Commercial Real Estate sector.

Emissions Breakdown by Sector (%)



2. Business Loans

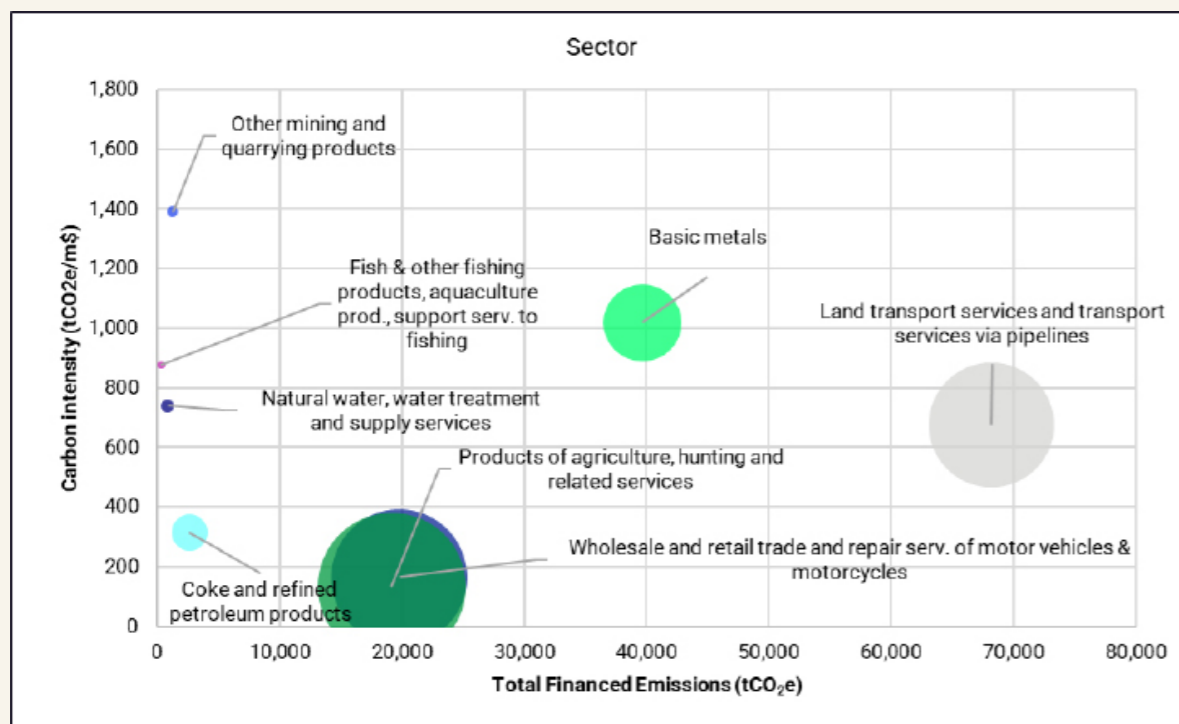
The financed emissions for business loans were calculated using two PCAF methods:

- **Option 3a:** This method received a data quality rating of 4 and was used when data on Outstanding Balance, Equity plus Debt, and Revenue were available. Emissions were calculated using the outstanding amount divided by equity plus debt, multiplied by revenue and the emission factor for each sector.
- **Use of Proxies:** When only the outstanding balance or negative values were available, proxies from Aswath Damodaran's enterprise value and revenue data for emerging markets were used, resulting in a data quality rating of 5.

This resulted in the Petrochemicals sector emerging as the highest emitter. Despite using proxies for 76% of the portfolio, companies within the sector accounted for only 1% of the total emissions. To improve future assessments, the Group plans to:

- Review financial information for high emitting companies for high emitting sectors.
- Collect Scope 1 & Scope 2 emission data from borrowers.
- Gather combined equity, debt and revenue data.
- Standardise sector classifications using systems like the Nomenclature of Economic Activities (NACE).

The figure above shows breakdown of financed emissions for the portfolio's top ten sectors by financed emissions.

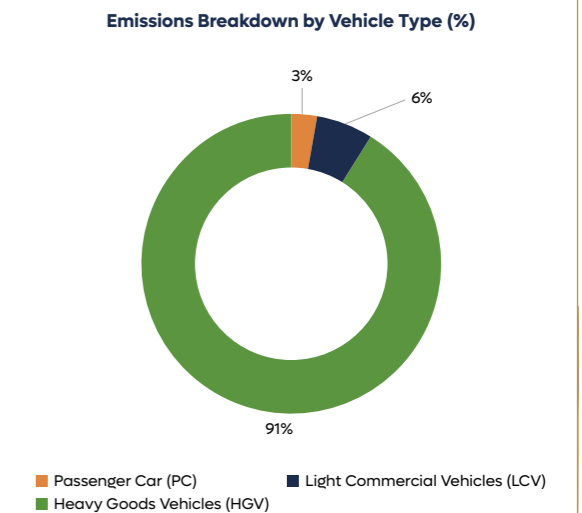


3. Motor Vehicle Loans

A single PCAF option was used to calculate financed emissions for motor vehicle loans, with a data quality rating of 4. Emissions were calculated using the outstanding balance, average distance travelled per vehicle type in Kenya, and relevant emission factors per kilometre.

Heavy Goods Vehicles (HGVs) accounted for 91% of the total emissions, with the remaining emissions distributed between Light Commercial Vehicles (LCVs) and Passenger Cars (PCs).

The figure below shows vehicle emissions breakdown by category.



For improved data quality, the Group aims to:

- Record the original vehicle value and fuel type.
- Implement detailed vehicle categorisation.
- Collect information on vehicle make, model, year and efficiency.



The Group's efforts to quantify financed emissions for FY 2023 provides a critical foundation for achieving our Net Zero 2050 target. The Bank plans to improve on its quality of data in order to enhance data quality and accuracy, leading to more reliable emissions calculations and better-informed climate strategies. Our ongoing commitment to integrate climate considerations into our operations will not only contribute to global emissions reduction goals but also position KCB Group as a leader in sustainable finance in Africa.



Activities in Line with Our Net Zero Commitments

- Carbon Footprint tracking
- Resource Efficiency
- Assessing financed projects with Environmental & Social Due Diligence
- Green Finance
- Tree Growing
- Sustainable Procurement

Net Zero Alignment

Having signed the Net Zero Banking Alliance in 2021, KCB committed to transitioning all operational and attributable greenhouse gases (GHG) emissions from its lending and investment portfolio to net zero by 2050. This commitment presents immense opportunities for the Group to channel financing to projects aimed at addressing climate change.

Future Initiatives for the Net Zero Transition

KCB Group aims to increase its green loans portfolio, creating a sustainable pipeline in the markets where we operate. We aim to forge partnerships with stakeholders who will help to achieve our targets in green lending and hence contribute towards the 2050 Net Zero commitment, the Paris Climate Agreement, and the Sustainable Development Goals (SDGs). Key activities include:

- ➔ Increasing the origination and screening of green projects for final onboarding and financing by KCB in close liaison with business teams and other climate-rich pipeline organisations.
- ➔ Facilitating the assessment, onboarding, and profiling of the Green Climate Fund (GCF) projects and other partners with customers.
- ➔ Undertaking capacity building on green finance and sustainability for business teams and clients to increase awareness of the Bank's sustainability initiatives, green financing, and green products.
- ➔ Setting targets for Scope 3 emissions (investees' target) for carbon footprint reduction in line with the 2050 Net Zero target.
- ➔ Reporting on these emissions in accordance with IFRS Sustainability Disclosure Standards in our subsequent annual disclosures, beginning with our 2024 reporting period as guided by the Standards.

Tree planting & growing

As part of our Group's environmental stewardship agenda, we are dedicated to participating in tree planting and growing initiatives across our operational regions. This commitment mirrors our Group's net zero pledge and aligns with the global climate action agenda.

Our approach to tree cultivation in these regions involves fostering partnerships, donating seedlings, and actively engaging in tree planting exercises. To ensure widespread involvement, we've integrated tree planting activities into our key performance indicators for all KCB staff. This strategic move has significantly boosted participation in this initiative at both individual and subsidiary levels.



KCB Bank Kenya



KCB Bank Kenya launched its tree-planting campaign themed 'KCB Linda Miti' in October 2022 to support the government's agenda of planting 15 billion trees by 2032 and reducing its operations footprint. The Bank aims to plant and grow 1.2 million trees by 2028, with a commitment of KShs. 68 million towards afforestation and reforestation initiatives. In 2023, KCB Bank Kenya, together with its 202 branches, successfully planted 256,008 trees in 1,423 schools, contributing to the reduction of carbon emissions in the atmosphere and the restoration of local ecosystems, demonstrating their commitment to environmental sustainability and community development in the country.

KShs. 68 million
commitment towards afforestation and reforestation initiatives.

256,008
trees successfully planted in 1,423 schools.

NBK

NBK fostered a sense of collective responsibility by partnering with the schools and institutions in Kenya. Additionally, the bank collaborated with the Kenya Defense Forces (KDF) and planted 10,000 trees in their three camps (Garrison, Command College and Defense Forces School). These partnerships, showcases a testament of NBK's commitment to environmental sustainability, not only contribute to a greener future for Kenya but also make the partners feel included in this restoration agenda.



52,226

trees planted across 275 schools and institutions in Kenya.

10,000

trees planted in collaboration with the Kenya Defense Forces (KDF).

BPR Bank PLC

BPR Bank PLC also took proactive steps to combat climate change by strategically planting 2,400 eucalyptus trees in the Gatsibo District and Kicukiro District. This initiative, carefully planned to serve multiple purposes, including aiding in carbon sequestration, promoting local biodiversity, and supporting surrounding communities, showcases the bank's dedication to mitigating climate change and contributing to the development of sustainable ecosystems. Looking ahead to 2024, the bank plans to continue its commitment to environmental conservation by planting approximately 2,500 additional trees.



2,400

eucalyptus trees strategically planted in the Gatsibo and Kicuriko District.

KCB Bank Tanzania

Embracing the green agenda and environmental conservation, KCB Tanzania embarked on tree planting initiatives and successfully surpassed its target by planting 6,050 trees, surpassing the initial goal of 3,000 trees. This initiative not only helps with carbon sequestration and restoring habitats but also creates awareness about the significance of preserving the environment. In 2024, the bank aims to plant 5,400 trees, with a specific target of 300 trees per branch, and continue to exceed its environmental targets.



6,050

trees successfully planted surpassing the initial goal of 3,000 trees.

5,400

trees the Bank aims to plant in 2024 with a specific target of 300 trees per branch.

KCB Bank Uganda



In 2023, KCB Uganda partnered with the Kenya High Commission and Jese, an environmental NGO whose focus is to plant trees in the Fort Portal Greenbelt, to plant and grow 3,000 trees. This partnership involved not only the planting of trees but also educational programmes and community engagement activities, demonstrating KCB Uganda's commitment to environmental sustainability and community development.



3,000

trees planted and grown in partnership with the Kenya High Commission and Jese.

Case Study 1

Greening the Lake Victoria Basin



The tree-planting and growing initiative in the Mara Region of Tanzania, particularly in the Green Lake Victoria Basin, forms a strong business partnership between the bank and the East African Community (EAC), leveraging the opportunity to drive economies of scale. Given that the Mara River Basin is a crucial catchment area for Lake Victoria, which is a significant water source, the initiative holds strategic importance.

Under the mandate of the EAC Secretariat, various initiatives, including tree planting, aim to conserve the ecosystem of the Mara River Basin.

The tree-planting initiative raises awareness among local communities about the importance of the exercise. This includes conserving the catchment resources to maintain their efficiency; rehabilitating the environment by addressing soil degradation, pollution, and ecosystem imbalance; acknowledging the contributions of the private and public sectors toward conserving the Mara River Basin and fostering partnerships between stakeholders in Tanzania and Kenya to jointly address environmental challenges and promote sustainable practices.

The Tanzania Forest Service Agency (TFS) considered changing climatic conditions, trees resilient to drought, flooding, and other extreme weather events were chosen to ensure their long-term survival and contribution to ecosystem stability. Indigenous tree species were also prioritised to support and enhance local biodiversity.

To ensure the success and sustainability of the tree-planting project, KCB Tanzania engaged extensively with local communities and stakeholders in the Mara Region, particularly in Serengeti. This engagement fostered a sense of ownership and responsibility among community members, increasing their commitment to the project's success.

KCB Tanzania then collaborated with civil society organisations that facilitated community outreach, education, and training, promoting sustainable practices beyond tree planting.

By promoting environmentally friendly livelihood options, such as beekeeping as an alternative to charcoal production, the bank contributed to reducing pressure on natural resources while improving community resilience.

Traditional medicine producers were also engaged and encouraged to replant trees used for indigenous treatment. The project aimed to ensure the sustainable harvesting of medicinal plants while safeguarding the ecosystem's integrity.

Due to heavy rainfall during the tree-planting process, reaching the designated catchment areas proved difficult. However, the teams found alternative locations within the basin for the Mara Day celebrations, which are held annually on September 15th, ensuring that the tree-planting efforts were still carried out effectively.

To track the growth and impact of the planted trees, robust monitoring and evaluation mechanisms were put in place. The EAC team engaged the local District Authority and TFS to oversee the management and monitoring of the trees. Forest officers were allocated to monitor the growth and survival of the trees, and regular reports on the number of trees planted and their survival rate will be provided to the EAC Secretariat.

KCB Tanzania will conduct a review by December 2024 to assess the impact of the tree-planting project. Looking ahead, the bank is eager to explore similar projects with other partners who share a common interest in environmental conservation and sustainability.

Sustainable Finance



Environmental, Social, Due Diligence (ESDD) site visit to one of our customers.

KCB Group is a signatory of the Principles for Responsible Banking (PRB) and works with its clients and customers to encourage sustainable practices and enable sustainable economic activities. The Group has also adopted the International Finance Corporation (IFC) Performance Standards, that allow KCB to balance its business goals with the economy's development priorities and socio-environmental concerns. We have remained a leader in sustainable finance and continue to set our focus on redefining the future of the finance ecosystem in the region by making investment decisions that consider financial returns while, at the same time, considering positive environmental, societal and governance impacts.

KCB Group is a signatory of the Principles for Responsible Banking (PRB) and works with its clients and customers to encourage sustainable practices and enable sustainable economic activities.

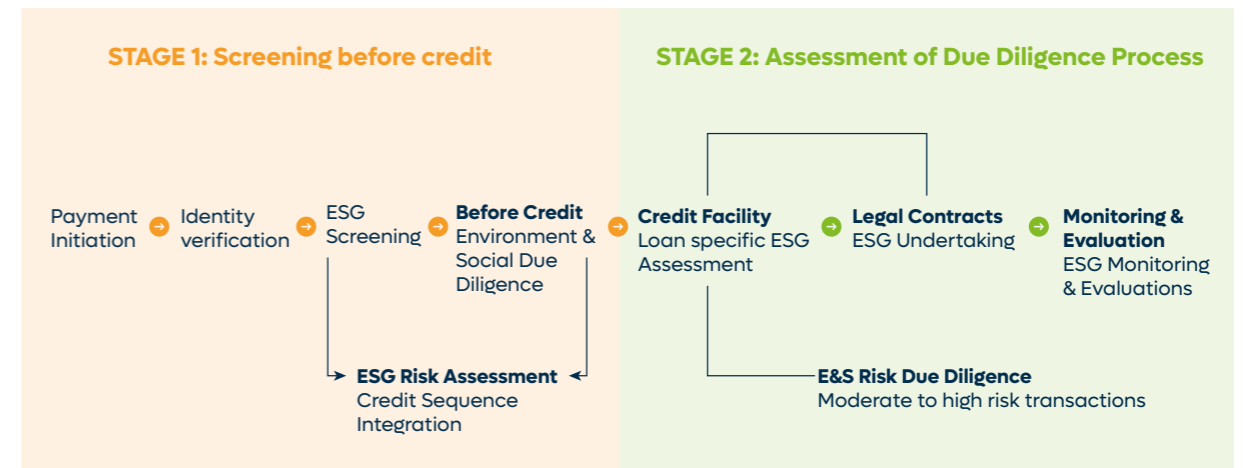
Responsible Lending

As part of KCB Group's comprehensive climate risk management strategy, responsible lending plays a pivotal role in guiding our financing decisions at the Group. The Group's policies cover various sectors that could cause significant impact to the environment and it is therefore paramount that we identify activities that could cause material negative impacts and provide finance to clients who are managing these risks responsibly. The Group identifies customers that are subject to greater due diligence and generally require additional approval by sustainability risk specialists. We continue having conversations with clients in order to assist them to meet good international standards of practice. As a result, we have been able to screen a total

of KShs. 615 billion worth of projects under Environmental & Social Due Diligence.

In line with our Social Environmental Management System Policy and the IFC Exclusion list, we ensure that our projects do not support excluded activities, such as the manufacture or trade of illegal products, weapons, illicit brew, tobacco, gambling, radioactive materials, and harmful forms of labour. We also refrain from supporting commercial logging in primary tropical moist forests and the production or trade of wood or forestry products not sourced from sustainably managed forests. Additionally, we do not finance coal mining, coal power generation, peat extraction, or electricity generation using peat.

The Environmental & Social Due Diligence processes:



Through screening processes, KCB Bank Kenya assesses environmental and social risks associated with loan facilities while also identifying physical and transition risks for these facilities. The bank screens loan facilities above KShs. 50 million and projects with turnover of KShs. 100 million and above. This enables the Bank to assess potential impacts and ensure alignment with our sustainability goals.

To further enhance its risk management efforts, the Bank conducts regular on-site visits to projects before financing and after financing as a monitoring aspect for the facility. This enables engagements with clients whereby we are able to discuss individual transition plans for clients based on the risks identified within a facility.

KCB Bank Kenya

In 2023, KCB Bank Kenya assessed facilities worth KShs. 538 billion against a target of KShs. 210 billion, with KShs. 532.19 billion for corporate clients and KShs. 6.2 billion for SMEs.

KShs. 538 billion
worth of facilities accessed in 2023 against a target of KShs. 210 billion.

NBK

NBK also made sustainable financing a core element of its banking practices by incorporating environmental and social risk considerations into its financial decisions. During the year, 26 projects worth KShs. 5.7 billion underwent the Environmental and Social Due Diligence (ESDD) process, with all identified issues followed up on to ensure compliance.

KShs. 5.7 billion
underwent the Environmental and Social Due Diligence process for 26 projects in 2023.

BPR Bank PLC

In Rwanda, BPR Bank screened facilities worth KShs. 7.4 billion for corporate and SME entities. This robust due diligence process places a strong emphasis on environmental stewardship, social impact, and adherence to ethical governance standards. The bank's commitment to responsible lending goes beyond financial considerations. Its due diligence process ensures that supported businesses align with sustainable practices, promoting environmentally friendly initiatives and fostering social impact.

To enhance its capabilities, the bank provided specialised training to its business teams in 2023. The training focused on ESDD reporting, equipping the teams with the necessary skills to conduct thorough assessments. This ensures that the bank's initiatives align with sustainable practices.

KShs. 7.4 billion
worth of facilities screened for corporate and SME entities.

KCB Bank Tanzania

KCB Bank Tanzania also made significant progress in integrating environmental and social considerations into its lending practices. The bank set a target to assess loans worth 21% of the total loan book for ESDD by the end of the year. By December, it exceeded this target by assessing loans worth KShs. 17 billion, accounting for 30.5% of the total loan book. This demonstrates the bank's commitment to responsible financing and ensuring that its loan portfolio aligns with environmental and social considerations.



KShs. 17 billion

worth of loans assessed exceeding the target by December, accounting of 30.5% of the total loan book.

KCB Bank Uganda

KCB Bank Uganda has also integrated ESDD into its credit policies and procedures. This ensured that all loans exceeding the KShs. 65.75 million threshold underwent a comprehensive environmental assessment. As of 2023, a total of facilities valued at KShs. 46.9 billion were assessed through the ESDD platform.



KShs. 46.9 billion

worth of loans were assessed through the ESDD platform.

Case Study 2

Financing Kibos Sugar Company Limited to Transition to Sustainable Practices

In 2007, Kibos Sugar Company Limited embarked on a journey towards expansion and sustainability. Initially, with a capacity of 1,650 tonnes of cane per day, the company saw significant growth over the years, expanding to 3,500 TCT. However, with growth came challenges, particularly in managing waste materials such as molasses filter mud and ash from emissions.

To address these challenges, the Managing Director of Kibos Sugar Company Limited took a proactive approach. Recognising the need to turn waste into value-added products, the company embraced the concept of a circular economy, seeking to add value to waste materials while minimising environmental impact.

One of the primary focuses was on the abundance of fibre-rich cane grown in the area. Rather than letting this fibre go to waste, the company made the strategic decision to set up a paper plant. This provided a solution for excess fibre and alleviated the environmental burden of disposing of bogash, a byproduct of sugar production.

Furthermore, the company implemented innovative practices to reduce energy consumption and minimise environmental footprint. By utilising gas produced during the sugar production process to generate power in boilers, Kibos Sugar Company Limited significantly reduced its reliance on external energy sources. This shift not only reduced operational costs but also contributed to a more sustainable energy model.

The company then introduced the first Mechanical Vapour Recompression (MVR) system, which allowed for efficient evaporation of water from vinasse, a byproduct of distillation. The reclaimed water was treated to produce high-quality water for reuse in the distillery, further minimising water consumption and reducing environmental impact.



Recognising the importance of environmental stewardship in today's global landscape, Kibos understood that going green was not just a trend but a necessity for future viability.

As of 2015, the company's commitment to sustainability has been unwavering. Embracing green practices has not only enhanced operational efficiency but has also positioned Kibos Sugar Company Limited as a leader in sustainable agriculture and industrial practices.

Being the backbone financing Kibos operations, KCB, through strategic investments and innovative financing solutions, has enabled the company to transform its waste into valuable resources, reduce environmental impact, and embrace a more sustainable future.

waste into valuable resources, reduce environmental impact, and embrace a more sustainable future.



Green Lending

In 2023, KCB Group achieved a significant milestone in promoting green financing by onboarding facilities worth KShs. 21.4 billion. This was contributed by KCB Bank Kenya and BPR. This achievement represents our dedication to supporting environmentally friendly initiatives through our lending practices.

We hit a milestone by financing the Safaricom sustainability linked-loan to a tune of Kshs.7 billion. This funding was specifically allocated for the development of renewable energy infrastructure to power solar masts. By investing in renewable energy solutions, we aim to reduce carbon emissions and promote a cleaner, more sustainable future.

Furthermore, our commitment to green financing is evident in the composition of our current loan portfolio. Currently, 15.5% of our total loan portfolio consists of green loans. This demonstrates our ongoing efforts to prioritise and promote sustainable projects that contribute to positive environmental outcomes.

BPR Bank

BPR Bank financed green projects worth Kshs. 8.9 billion to both Corporates and SMEs.



KShs. 8.9 billion

worth of green projects financed.

KCB Bank Tanzania

KCB Tanzania set the goal of achieving a 21% green loan portfolio. To accomplish this, the bank will engage stakeholders, establish guidelines and procedures, and conduct business training to increase awareness and promote green financing options.

KCB Bank Kenya

KCB Bank Kenya has successfully provided green finance to MSMEs and corporates amounting to KShs. 12.5 billion. This demonstrates its commitment to supporting environmentally friendly projects and businesses.



KShs. 12.5 billion

amount of green finance successfully provided to MSMEs and corporates.

NBK



In 2023, NBK adopted SDG 13 – Climate Action – and committed to climate adaptation across its operations. As part of this commitment, the bank set an ambitious target to green its total loan book by 1%.

The Group continues to champion green financing through various projects with an aim to reach our target of 25% by 2025.

E-mobility



In October 2022, the KCB Foundation, in partnership with the United Nations Institute for Training and Research (UNITAR), launched an e-mobility pilot project targeting boda-boda riders in Kenya. With 60 participants currently involved, the project financed 10 motorbikes in 2023 and continues to accelerate the adoption of electric mobility solutions in the country, with broader implications for the region.

The primary goal of the project is to promote, support, and expand the electric mobility industry in Kenya and beyond. By facilitating the transition to electric boda-bodas, the initiative seeks to promote sustainable transportation practices while empowering local communities.

Key Initiatives:

Sustainable Business Promotion: The project continues to support the development of sustainable electric boda-boda businesses, positioning the youth as ambassadors of peaceful co-existence in their communities.

Local Assembly Capacity: We continue with efforts to enhance local assembly capacity with an aim to have over 100,000 units of both two and three-wheelers, promoting domestic manufacturing and job creation.

Job Creation: The project aims to create over 150,000 new green jobs in the boda-boda sector, providing employment opportunities and economic empowerment to local residents. Currently, we have funded electric bikes worth KShs. 2.2 million.

Progress with GCF

Since the Green Climate Fund (GCF) accreditation in 2020, KCB Bank Kenya has developed and focused on two concept notes on sustainable transport and climate-sound technologies for MSMEs. The Bank continues working with the National Designated Authority with an aim of meeting the planned objectives of the GCF Accreditation which included promoting integrated planning for maximum climate benefit, driving innovation in climate solutions, leveraging partner funding to reduce investment risk and attract private finance, and integrating climate considerations into investment decision-making to align with sustainable development goals.

Clean Cooking in Schools

Cooking fuel expenses represent a significant burden for schools, with over 90% of public institutions spending substantial amounts, often exceeding KShs. 2 million annually on cooking meals. This reliance on traditional fuels like firewood and charcoal not only strains school budgets but also has severe environmental, economic, and public health implications, particularly in regions where access to clean cooking solutions remains limited.

Recognising the urgent need for a transition to clean energy in schools, KCB Bank Kenya has developed a tailored proposition aimed at facilitating this shift. The initiative focuses on providing schools with access to clean cooking energy solutions, primarily through the adoption of Liquefied Petroleum Gas (LPG) equipment. As part of this proposition, schools have the opportunity to access grants covering up to 30% of the total cost of purchasing and installing LPG equipment, facilitated by the KCB Foundation.

To date, the bank has made significant strides in supporting schools' transition to clean energy. Through the provision of grants totalling KShs. 72 million, 72 schools across Kenya have invested in LPG equipment, underscoring the bank's commitment to driving positive change in communities.



Materiality

Employee Welfare

At KCB Group, our employees are at the heart of our success and strategic vision. With a strong employee value proposition, we strive to create an environment where every team member can realise their potential.



KCB Group CEO, Paul Russo, engaging with KCB staff.



People and Culture

At the core of driving meaningful success in the Group's operations are the people who make it all happen. Our employees are the driving force behind delivering transformative change and bringing the Group's vision to life. This is made possible by the culture that runs deep within our employees, intertwining their passion, dedication, and shared values. We are committed to fostering a culture that aligns with our brand purpose and values and believe that creating an inclusive workplace where all employees can thrive benefits everyone involved.

Our employees are the driving force behind delivering transformative change and bringing the Group's vision to life.



12,221

The total number of staff in 2023

KCB Group boasts a diverse and talented workforce, essential for driving our strategic objectives. With a total of 12,221 staff in 2023, we have been tracking several key metrics to ensure we meet our employees' needs and expectations.

Below is a breakdown of our staff in the different subsidiaries.

Subsidiary	Total staff
KCB Bank Kenya	6716
NBK	1528
KCB Tanzania	335
TMB	1804
KCB South Sudan	208
BPR	1139
KCB Uganda	323
KCB Burundi	167
Ethiopia Representative	1

We have implemented a comprehensive set of internal metrics to effectively monitor and measure the success of our employees. At KCB Group, we firmly believe that these metrics play a pivotal role in ensuring the overall well-being and prosperity of our workforce. By aligning our Group's goals with the achievement of these metrics, we are able to create a positive and thriving environment for our employees.

OHI Survey Results and Actions

KCB Bank Kenya Managing Director, Annastacia Kimtai interacting with staff during the staff engagement sessions.

- Organisational Health Index (OHI)
- Talent Retention Rate
- Learning and Development Opportunities
- Career Progression
- Safe and Ethical Workplace Practices

Key Achievements

759 employees were promoted in 2023, up from 417 in the previous year.

Achieved an OHI score of **80.**

Maintained a low attrition rate of **7.9%**, compared to 10.56% in 2022.

OHI Survey Results and Actions

At the end of 2023, a Group-wide Organisational Health Index (OHI) Pulse Survey was conducted to assess KCB Group's organisational ability to sustain a culture of leadership, customer obsession, execution, and performance at all levels. The survey was part of our culture change journey, transitioning "For People. For Better." The aim of the survey was to measure the level of our organisational health and identify areas for improvement, enabling us to continuously enhance our culture and work environment.

In the 2023 OHI Survey, we saw significant improvements at both the Group and Divisional levels. These positive results were cascaded throughout all divisions and branches, allowing us to develop actionable plans to enhance our practices and create more opportunities for engagement. We achieved an impressive Group response rate of 84%. This high participation rate demonstrated the commitment and engagement of our employees contributing to the ongoing improvement of our organisation.

The Group Health Index Score, which indicates the overall health of our organisation, stood at 80. This score places us in the top decile of the global comparison. It is worth noting that this score has improved by 1 point since the July 2021 OHI pulse survey, where it was 79.

Our organisation's core strengths in Direction, Capabilities, Accountability, and Coordination & Control continue to remain strong within the top decile. However, Motivation remains an area that requires improvement. While our health index remains stronger than our industry and regional peers, there is still work to be done to bring Motivation at par or higher, despite the progress made thus far.

The Brand Purpose, Values, and transformational pillars of Customer Obsession, Execution, and Culture have significantly contributed to the improvement of our Customer Orientation as a top practice. In 2023, our Customer Orientation ranking improved to 13 from a ranking of 23 in 2021. These results highlight the strides we are making towards becoming a customer-obsessed organisation with an execution edge.

Championing Culture Integration

One of the challenges we faced in championing culture at the Bank was the disintegration of focus groups as employees moved to other divisions or left the Group. However, we have made efforts to re-energise the remaining focus groups in various branches and divisions. We firmly believe that employees are the custodians of our future and culture, and their active participation is crucial.

Integrating culture in subsidiaries

BPR Bank

In 2023, our primary focus was on integrating the two distinct employee populations of Banque Populaire du Rwanda Plc (BPR) and KCB Bank Rwanda into a unified entity known as BPR Bank. This integration was a critical step in consolidating our efforts and embedding the KCB Group framework into the operations of BPR Bank.

To achieve this, we applied the rigorous policies and methods of KCB Bank to ensure fairness and equity in the appointment and positioning of employees, aligning them with their respective roles and responsibilities. Additionally, we made dedicated efforts to integrate the KCB culture and values, centred around our new brand purpose, "For People. For Better."

The integration process involved bringing together colleagues from both banks, starting in 2022 and continuing into 2023. This consolidation not only emphasised our investment in talent and employee retention but also aimed to foster interoperability and embed KCB Group's policies and procedures. Furthermore, it provided an opportunity to bridge the cultural divide between the Anglophone and Francophone worlds.

TMB Bank

Following the acquisition of a majority stake in Trust Merchant Bank (TMB), we focused on establishing a baseline governance structure. This involved recognising roles, responsibilities, hierarchy, and the functional organisation of the subsidiary in the Democratic Republic of Congo (DRC).

To ensure fairness and equitability, we incorporated a design that fit seamlessly into the KCB Group framework. This design took into account factors such as recognising responsibilities, providing fair wages that were benchmarked to the market, considering the cost-of-living indicator, and aligning with the macroeconomic landscape of the DRC. The newly approved organisation design was then implemented.

In terms of branding, we ensured the continuity of embedding the KCB brand platform alongside the TMB brand, which operates as a distinct entity within its subsidiaries.

Looking forward to 2024, we will build upon the new brand platform and focus on key strategic initiatives identified by our Executive Committee and Group CEO. Additionally, the implementation of T24, a core banking software, in TMB is scheduled to take place in 2024, with the system set to go live at the start of 2025.

Focus Areas for 2024



Based on the survey findings, we have identified five key focus areas for 2024. These areas will guide our initiatives and actions.

1. Empowering employees to delight in the customer
2. Learning and innovating together
3. Fostering a trusting and caring work environment
4. Providing opportunities to fuel motivation
5. Rewiring and equipping leaders to drive the culture change

Case Study

BPR Bank PLC – Katherine Turinawe, Acting Head of HR on Organizational Culture



Since the merger, communication has evolved significantly. There have been significant improvements – we have regular town halls on topical issues, as well as strategy cascades and progress review sessions with a wider team of staff.

The culture journey, though a work in progress, has made significant strides. The harmonisation of different ways of working, policies, communication, and leadership styles has given birth to a new BPR culture with stronger and better systems. The launch of the For People. For Better. Culture Campaign and the subsequent cascade sessions and activities have been instrumental in supporting this Culture Transformation journey.

We also recognise and appreciate the challenges that have arisen due to the merger. These have mostly centred around the vast number of new things colleagues had to learn, phasing away from old ways in favour of the new, appreciation of why things are changing, and accommodating new colleagues in physical workspaces. These have been addressed through increased and consistent staff engagement at all levels, increased learning opportunities and embracing inclusion.

The merger has not only brought about challenges but also a wealth of opportunities. By retaining the best aspects of both former entities, we have created a better bank for all. This includes benefits enhancements, career opportunities, exposure to a larger group, a wider learning and experience scope, a bigger branch network, and an increased understanding of the impact of our roles, especially for support staff.

Throughout the challenges and opportunities, employee well-being and welfare have remained a top priority for Management and the Board. We are making deliberate efforts to foster inclusion and equity and address challenges through employee engagement and wellness initiatives. This demonstrates our unwavering

commitment to our staff's welfare.

Significant improvements have been made since the merger. We

have regular town halls on topical issues, strategy cascades, and progress review sessions with a wider team of staff. As a result of these sessions, which are often followed or preceded by circulars, there has been an increase in transparency regarding decisions affecting staff. We also have a team of Culture Champions from across the bank who support communication at the departmental level.

There have also been changes in leadership style. Management has been quite challenged to adopt a leadership style that drives a sense of urgency and action while being considerate of the impact of change on their teams. As we have settled, leaders have noted that a more empowering style is required. We also have several staff who have stepped into new leadership levels with bigger teams than they were used to. Leadership and Change Management training are a priority for the bank.

The game changers in fostering a positive work alignment have been benefits alignment, transparent communication on matters affecting staff welfare and increased engagement forums. Whereas we have embarked on our Culture transformation journey, this is still an area of improvement. Culture is still a big factor, and we will continue to pursue transformation through various activities – balancing compliance with understanding and accepting the way for sustainable change and an authentic, closer, connected, and courageous workforce.



The framework provides a structured framework for managing employee behaviour, performance and conduct in the workplace.

Employee Policy Framework

The Group's employee policy framework defines a set of guidelines that outline the duties, responsibilities and expectations of employees within the organisation. The framework provides a structured framework for managing employee behaviour, performance and conduct in the workplace. There are several policies which are covered in the framework and incorporate aspects such as code of ethical conduct, performance management, diversity and inclusion, talent management, learning and development procedures.

The Group has adopted key policies that demonstrate our commitment to the welfare and professional growth of our employees including:

the KCB Group PLC Code of Ethical Conduct emphasises the importance of maintaining high ethical standards, the Performance Management Policy focuses on fostering a high-performance culture, the Talent Management Policy aims to attract and retain skilled talent, and the Learning and Development Procedures Manual ensures that learning initiatives align with the Group's strategic plans.



Diversity and Inclusion

We believe that diversity and inclusion are not just ethical imperatives but also critical drivers of innovation, creativity, and business success. Embracing a diverse workforce allows us to harness a wide range of perspectives, experiences, and skills, which are essential for understanding and serving our diverse customer base. Our commitment to fostering an inclusive environment ensures that every employee feels valued, respected, and empowered to contribute to their fullest potential.

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The Group is guided by the Gender and Financial Inclusion Policy, which ensures that we create and sustain an environment where every employee can develop their full potential.



This policy covers various aspects, including race, ethnicity, gender, marital status, age, disability, and religious beliefs. It encompasses various key areas, including recruitment and hiring practices, career development and advancement, pay equity, work-life balance, and workplace culture. It sets clear guidelines and objectives to foster an environment where all employees, regardless of their gender or background, can thrive and contribute their best.

Gender Inclusion

The Group remains committed to monitoring diversity, striving to identify areas for growth and improvement. In the most recent reporting year, women accounted for 51% of the total employees, with 44% of them occupying management positions within the Group. However, when it comes to senior management roles, the representation of women dropped to 30%, which, although signifies a third of the benchmark for gender parity in developed economies, still falls below the regional population demographics.

Despite these challenges, the Group witnessed an overall increase in the number of women employees in 2023, which is an encouraging sign. Furthermore, many women were promoted to management positions during this period.



51%

of the total employees are women with 44% of them occupying management positions within the Group.

Through tracking diversity and acknowledging both improvements and setbacks, we aim to establish avenues and platforms for continuous enhancement. This commitment reflects the Group's recognition of the value that diversity brings to the Group, fostering an inclusive and equitable workplace for all.



	2023	2022
% of female employees		
Overall	51%	47%
Management	44%	41%
Senior management	30%	33%

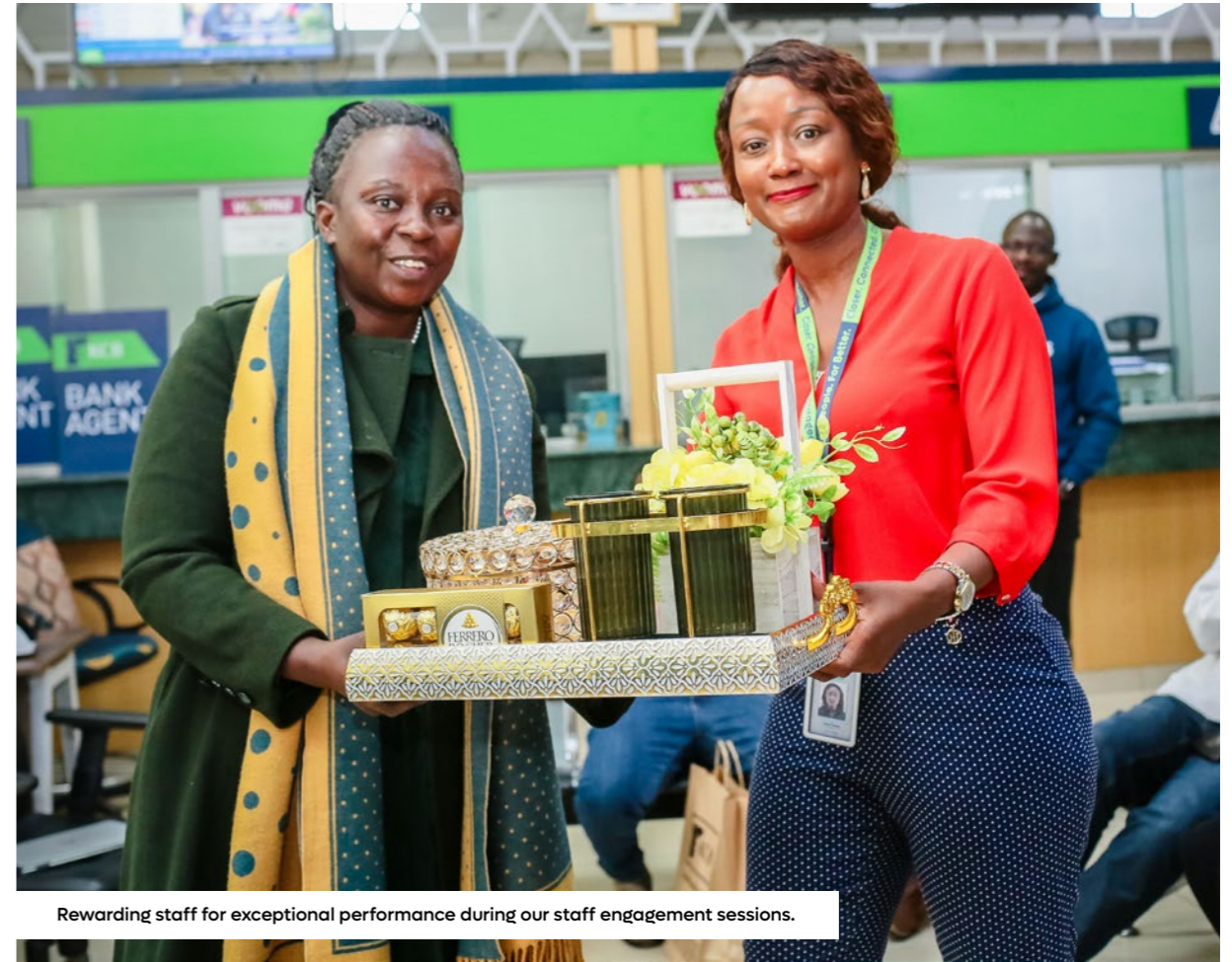
Age Diversity

Age diversity is critical to ensuring varied experiences, approaches and viewpoints, which creates an environment where employees can flourish. As a result, the Bank is in a better position to innovate from these diverse experiences drawn from a mix of younger and more seasoned employees. This approach bears great benefits, such as a stronger talent pipeline of employees, mentorship across all levels, and greater customer satisfaction, as we can relate with customers across different age segments as well as enhanced organisational reputation.

We are proud of our diverse workforce, bringing on board a rich tapestry of experiences and perspectives. Our age distribution demonstrates our dedication to inclusivity, with a good balance of 75% of our employees below the age of 40 years and 94% below the age of 50 years. This diversity of age ensures that ideas are continuously refreshed, innovation flourishes, and mentorship opportunities abound.

Group-wide Headcount (By age)	2023	2022
18-20 Years	6	0
21-30 Years	3,550	778
31-40 Years	4,150	4,197
41-50 Years	2,081	1,811
51-60 Years	620	655
Over 60 Years	1	1

Group-wide Headcount of New Hires (By age)	2023
18-20 Years	4
21-30 Years	1391
31-40 Years	504
41-50 Years	82
51-60 Years	12



Rewarding staff for exceptional performance during our staff engagement sessions.

Competitive Employee Value Proposition

Our competitive employee value proposition is central to attracting, retaining, and nurturing top talent. We are committed to creating an environment where employees feel valued, supported, and motivated to achieve their full potential. Our comprehensive approach encompasses fair remuneration, career development opportunities, wellness programmes, and a culture that promotes recognition and reward.

We are committed to creating an environment where employees feel valued, supported, and motivated to achieve their full potential.



80%

of our workforce enjoy full-time employment, with 20% benefiting from part-time employment arrangements.

Employment Practices

In line with our commitment to employee welfare and adapting to the ever-evolving world of work, we have flexible working that allows for full-term and part-term engagement in certain levels of employment. 80% of our workforce enjoy full-time employment, with 20% benefiting from part-time employment arrangements.

With both sets of employees, we ensure that they have a healthy work-life balance without compromising their career growth and development.



Fair and Responsible Remuneration

We ensure that our compensation packages are competitive within the industry and reflective of the contributions made by our employees. In 2023, we allocated KShs. 38 billion towards total employee benefits, which includes salaries, bonuses, and other financial incentives. This allocation represented a significant increment of 25% compared to the employee benefits paid out of KShs. 30.4 billion in 2022. The increase in allocation not only demonstrates the Group's financial stability but also serves as a testament to its appreciation for the valuable contributions made by our employees.

KShs. 38 billion allocated towards employee benefits, which include salaries, bonuses and other financial incentives.

We ensure that our compensation packages are competitive within the industry and reflective of the contributions made by our employees.

BPR Bank PLC

In Rwanda, BPR Bank PLC recognises the importance of providing comprehensive staff benefits to attract and retain top talent. The bank offers a range of benefits that align with its commitment to the financial security of its employees. Some of these benefits include education loans, bonuses that are linked to exceptional performance, as well as favourable terms on mortgages, making it easier for employees to realise their dreams of owning homes.

Voluntary Early Retirement (VER).

We have implemented the Voluntary Early Retirement (VER) programme, which has been embraced by a total of 211 employees. Among them, 87 were women, and 124 were men. This significant participation underscores the value and significance of the VER initiative. In addition to this, we have made impressive strides in improving our employee turnover rate. Currently standing at 7.93%, it represents a remarkable decrease compared to the 10.56% turnover rate recorded in 2022. This positive change exemplifies our unwavering commitment to nurturing and retaining talented individuals and creating a supportive and engaging work environment to curb staff attrition.

KCB Tanzania achieved a successful implementation of the VER rollout. This programme was designed to encourage voluntary separations and facilitate necessary organisational changes with minimal disruption to the workforce. In 2023, the bank granted acceptance to a total of three (3) VER applicants, further supporting its strategic objectives.

	2023	2022
Total Number of Exits	828	593
Overall Employee Turnover rate	10.36%	10.56%
Number of employees who took VER	211	nil
Number of Women who took VER	87	nil
Number of Men who took VER	124	nil
Employee Turnover Rate excluding VER	7.93%	nil

Career Development and Progression

We place a strong emphasis on career growth and development, providing numerous opportunities for our employees to advance their careers within the organisation. In 2023, 759 employees were promoted through a competitive process, demonstrating our commitment to recognising and rewarding talent. This was an increase from 417 total employees promoted in the previous year. This increase was as a result of the career development programmes implemented internally.

To ensure that our employees are equipped with the necessary skills and knowledge to thrive in their careers, we offered a diverse range of comprehensive training programmes. Such programmes not only enhance their existing abilities but also cultivate new ones, empowering them to take on future challenges with confidence and ease.

Group-wide	2023	2022
Total number of promotions	759	417
• By Male	458	246
• By Female	301	171

Promotion per Grade	2023	2022
Clerk	253	234
Section Head	2	12
Management Level A (MLA)	283	90
Management Level B (MLB)	131	42
Management Level C (MLC)	62	31
Management Level D (MLD)	18	7
Management Level E (MLE)	7	0
Management Level F+ (MLF+)	3	1

We place a strong emphasis on career growth and development, providing numerous opportunities for our employees to advance their careers within the organisation.



Learning and Development

Continuous learning and development are pillars of our talent management strategy. The Group offered various training programmes, including virtual, in-classroom, and on-the-job training to enhance our staff's skills. Our Leadership Centre in Kenya plays a crucial role in delivering these programmes, ensuring we maintain a strong talent bench through effective succession planning.

Group-wide	2023	2022
Total no of completed courses	3,601	1,229
Learner hours per staff	3.43	17.18

In 2023, we successfully implemented several learning initiatives and spent KShs. 74.6 million to enhance our staff's skills, and in 2024, we aim to capitalise on even more learning opportunities.

A Women Empowerment: We have long focused on empowering and advancing our women employees to fuel their ambitions and create meaningful change. We implemented programmes to support women in leadership roles, such as the Women in Leadership Network (WILN) programme, which champions gender parity, increases women's representation in senior leadership, and provides a platform for them to connect and support each other's advancement.

During the reporting period, KCB Tanzania's WILN programme made significant strides in promoting gender equality. Within this initiative, 49% and 51% of our female and male staff, respectively, underwent performance and career development reviews. Notably, 45% of these reviews were conducted at the management level, while the remaining 55% took place at the non-management level. This demonstrates KCB Tanzania's commitment to fostering a diverse and inclusive work environment.

B Upskilling and Certification: In 2024, we will strengthen our learning bench by developing academies that go beyond providing in-house courses. These academies will offer certifications for women in different roles and management positions. The goal is to develop competencies in current roles, identify growth opportunities, and foster a standardised leadership style across the organisation.

In 2023, KCB Tanzania accomplished an impressive total of 407.04 learner days, encompassing both classroom and online courses. This equated to an average of 1.34 learner days per staff member. By prioritising continuous learning and development, KCB Tanzania is establishing itself as an attractive workplace for talented individuals within the financial sector.

C Leadership Academy: The Bank plans to establish a Leadership Academy to develop skills across the organisation in 2024. This academy will provide training and certifications to enhance leadership capabilities, promote a standardised leadership style, and foster a culture of continuous learning within the Bank.



Recognition and Rewards

Recognising and rewarding exceptional performance is integral to our culture. Our annual Simba Awards programme celebrates individuals and teams who make significant contributions to the business. We also conduct annual salary reviews and give bonuses based on individual and company performance, ensuring that our employees are duly recognised for their hard work and dedication.

Employee Wellness & Safety

Employee wellness is a critical component of our value proposition. We provide extensive medical coverage for employees and their families, support annual health checks, and offer health talks on various topics, including mental health and financial wellness.

Group-wide	2023	2022
Average number of leave days taken	15.28	25
Number of employees who participated in wellness programmes	5013	4,895
Percentage of employees who completed the OHI survey	84	79

Employee wellness is a critical component of our strategy. In 2023, we implemented several initiatives to support our employees' physical and mental health:

Enhanced Medical Coverage: Ensured access to quality medical care for employees and their families.

Mental Health Programme: We onboarded 215 employees into a mental health programme at different points during the year. We had a commendable 75% success rate, with 155 employees completing the programme, which aimed to provide support and resources for staff dealing with mental health challenges.

National Bank of Kenya (NBK) implemented various wellness initiatives across its branches, focusing on mental health awareness. To reinforce this effort, the bank established a counselling facility at its head office, providing follow-up consultations. Additionally, NBK forged a partnership with the Chiromo Hospital Group to extend psychosocial support. These initiatives received further backing through engagement forums held at both the head office and branches, as well as specialised coaching and mentorship training.

Annual Medical Checks: Supported full annual medical checks to manage health conditions. We offered wellness checkups to our staff at discounted prices, benefiting over 3,763 employees.

On-Site Fitness Centres: To incentivise employees to prioritise their physical well-being, we invested in on-site fitness centres. We built a gymnasium at Kencom branch, and two others at Upper Hill Towers and NBK are nearing completion. These facilities enable employees to work out conveniently without going out of their way before or after work.

Family Support: We provided a mothers' room and a children's crèche at our Kencom building.

Specialised Services Referrals: In cases that required specialised services, we referred our staff to external providers who could offer the required expertise. For example, we airlifted colleagues to India for specialised attention when necessary.

Chronic Disease Management: We implemented a Chronic Disease Management programme to assist employees with chronic diseases to manage their health better. This programme provided resources and support to help employees lead healthier lives while managing their conditions.

Health Talks: Conducted seven health talks on topics such as depression, wellness, and financial health. These sessions were delivered through webinars and workshops to provide employees with valuable information and resources.

In-House Clinic: We set up an in-house clinic to provide employees with convenient access to medical assistance. The clinic offers services such as X-rays, and physiotherapy, and has an in-house pharmacy and an eye clinic, ensuring employees receive prompt and efficient medical care.

In addition to medical coverage and health talks, we undertook several wellness initiatives to promote physical and mental health.

Inter-regional Games: We organised inter-regional games, culminating in the interbank games where KCB Kenya emerged as number two overall.

Revised Allowances: We adjusted allowances to support employees during travel.

Restructured Staff Loans: Our restructured loans cushion employees following increased taxes in some markets. In Kenya, for instance, we experienced a drastic increase in the cost of living due to the imposition of new taxes, including the Housing Levy, NSSF, and the Social Health Insurance Fund, by the government.

BPR Bank PLC

BPR Bank PLC implemented various staff engagement initiatives to enhance employee satisfaction, promote professional growth, and create a healthy workplace in 2023. Among these were mentorship programmes designed to upskill employees as well as wellness programmes focused on the psycho-social well-being of our staff. Additionally, to celebrate our employees' achievements, the Bank conducted staff appreciation programmes and initiatives that acknowledge milestones, outstanding performances and exceptional contributions. To support this, we carried out regular surveys that provided staff an opportunity to contribute towards the continuous improvement of the workplace.

Maintaining a flexible workplace safety is paramount, and our disciplinary processes are designed to be fair and effective in deterring fraudulent activities. In 2023, we handled 48 disciplinary cases related to fraud, resulting in 22 terminations and 26 resignations. We also conducted targeted training to address process lapses and enhance control environments.



Case Study

KCB Group Head of Organisational Design and Change, Rose Maruti, on Group Culture



The KCB Group culture is shaped to continuously align with its purpose and values. In 2023, the Group unveiled a new brand theme, For People. For Better., which is rooted in the commitment and promise of uplifting people's lives and unlocking opportunities for everyone.

The new brand purpose still lives up to the Bank's heritage of empowering people and creating a positive impact in the communities it serves. It is also aligned with the SDGs the Group has adopted to create an environment where employees and customers are treated equally and can thrive.

With this new brand promise, our focus was on positively impacting employees in different Divisions to enrich their experience at work.

KCB strives to be the employer of choice, and that is deeply anchored on continuous and meaningful engagement with management, employees and customers. By relying on our purpose and values of Closer, Connected and Courageous, the Company, in 2023, was able to reduce the silo mindset and

transition to cross-functions between teams in different departments.

The Group's purpose and values, therefore, created a unified vision that employees could understand, consequently ramping up teamwork and collaboration in various departments. For example, when resourcing employees, shared services and learning and development need to be in the know so that they can prepare to properly onboard them. This then establishes a connected and cohesive team that harmoniously works together.

We strongly believe in creating an environment where teamwork reigns supreme with increased interaction among the different Divisions and in the initiatives the Bank takes part in.

During the year, a new department, Organisation, Design, and Change, was introduced. As a new department, several challenges arose, including developing it, creating its processes, and gaining an understanding of its purpose in the organisation. However, these challenges were solved through collaboration with other departments to drive its effectiveness and productivity and achieve KCB's goal.

Additionally, the reimagining of the brand purpose infused with its values enabled us to examine how to better promote customer experience and improve the services we provide.

The KCB culture strives to promote a working environment that inspires inclusion where employees feel they belong. To this end, the Bank established an Employee Assistance programme that supports and walks with employees as they seek assistance managing their mental health. We also revised some of our staff allowances and loans to help cushion employees from the effects of the country's new taxes.

KCB Group has a long-standing commitment to diversity and inclusion and, therefore, provides real employment opportunities for people with disabilities (PWDs). The Company is aware that this is an area that needs constant improvement and is thus working on a policy that will align with the guidelines of the Kenya Employment Act regarding PWDs.



Materiality

Creating Shared Value

KCB Group has adopted a shared approach in its operations as a way of transforming communities around it. KCB has integrated social programmes into the business in collaboration with other stakeholders, which is the baseline of the Group's social and relationship capital. This has been enabled through its social responsibility arm, KCB Foundation, which runs several programmes that are focused on youth employment, supporting livestock farmers, and offering high school and university scholarships.

KCB Foundation

The KCB Foundation operates under the guidance of a Board of Trustees, which is responsible for ensuring effective governance, regulatory compliance, operational excellence, strategic direction, financial planning, and overall performance. The Board of Trustees comprises individuals with diverse perspectives, backgrounds, and expertise to enhance the Foundation's effectiveness.

The leaders of the KCB Foundation's Board of Trustees form a balanced and diverse group, possessing a strong combination of skills and experience. This collective expertise is crucial to the Foundation's success in achieving its objectives and making a positive impact in the communities it serves.



Dedicated Committees

To aid in the efficient delivery of its mandate, the Foundation has established two committees: the Strategy and HR Committee and the Audit & Risk Committee. These committees work in tandem to ensure the Foundation's operations align with its oversight role, strategic objectives, and ethos. The Strategy and HR Committee focuses on developing and implementing effective strategies to drive the Foundation's programmes and initiatives. It also oversees human resources matters to ensure the Foundation has the right talent and capabilities to fulfil its mission.

The Audit & Risk Committee plays a critical role in ensuring sound financial management and risk oversight within the Foundation. This committee monitors financial activities, internal controls, and compliance with policies and regulations to safeguard the Foundation's resources and maintain transparency and accountability.

The Foundation demonstrates its commitment to effective governance, risk management, and strategic planning, enabling it to deliver on its mission and make a meaningful difference in the lives of individuals and communities by establishing these committees.





Foundation Strategy

KCB Foundation's strategic plan for 2023-2027 builds upon sustainability principles set nearly two decades ago, aiming to address contemporary socio-economic challenges in the East African region, particularly unemployment and education. This re-imagined strategy aligns with the global goals that

emphasise the importance of economic value extension to communities where KCB operates while also focusing on driving the Group's sustainability agenda of creating socio-economic impact.

This strategic plan aims to create a tangible impact by focusing on the key pillars below:

Enterprise development

Through 2jijiri, a youth skills development and job creation programme, the Foundation seeks to enhance employment opportunities and financial inclusion for 195,000 youth and women over the next five years. By targeting various sectors such as construction, manufacturing, and sustainable agriculture, this effort contributes to SDG 8: Decent Work and Economic Growth, while also promoting social equity and inclusion.

The KCB Foundation is actively working towards a more diverse and inclusive future for the communities it serves. Through its programmes, it strengthens its commitment to diversity and inclusion by mobilising resources and capital to support underserved communities and entrepreneurs. The Foundation takes a special interest in children with disabilities, teen mothers, and young boys and girls at risk of not receiving an education due to harmful cultural practices. In recognition of the importance of diversity and inclusion, these niche demographics have received a total of 227 2jijiri scholarships.

2jijiri serves as a powerful tool for promoting sustainable development, through which **KCB Bank Kenya** creates a pathway for the youth to realise their potential, contribute to societal progress, and actively participate in shaping a sustainable and inclusive future. The programme



KCB partners with UNITAR to provide cheap green loans for e-mobility.

equips youth with technical skills, business development support, and financing opportunities, empowering them to either secure employment or start businesses. Collaborating with partners like the German Development Cooperation (GIZ), the programme has aimed to benefit 4,000 youth in the informal agribusiness and construction sectors. Since its inception in 2016, to date, over 22,000 youth have been trained, 6,395 businesses incubated, and loans worth KShs. 260 million disbursed.

Back in 2018, **BPR Bank PLC** launched the IGIRE (a sister initiative to 2jijiri) programme with the primary objectives of skilling youth to build enterprises and enabling the growth of SMEs. Since its inception, IGIRE has formed partnerships with organisations – such as the National Youth Council,



4,000

Collaborating with partners like the German Development Cooperation (GIZ), the programme has aimed to benefit 4,000 youth in the informal agribusiness and construction sectors.



22,000

Since its inception in 2016, to date, over 22,000 youth have been trained, 5,594 businesses incubated, and loans worth KShs. 246 million disbursed.



KCB Foundation 2jijiri Beneficiaries Graduation at Kaitheri Polytechnic in Kirinyaga County.

which oversees the connection between the programme and standardised technical excellence institutions – that act as catalysts of delivery. This collaboration ensures that vocational training provided by the programme meets high-quality standards. Additionally, IGIRE has partnered with the Digital Opportunity Trust (DOT) Rwanda, which offers entrepreneurship training to participants of the programme.

So far, IGIRE has 691 beneficiaries, among them 432 male and 259 female, reflecting our commitment to gender inclusivity. The programme has also generated a total of 635 employment opportunities.

Furthermore, the programme has sponsored a total of 38 businesses by providing financial support and resources to entrepreneurs for scalability. It has also facilitated the establishment of 52 self-sponsored businesses, demonstrating dedication towards building enterprises.

KCB Tanzania has made significant strides in empowering youth and enhancing the bank's market presence since initiating the 2jijiri programme in 2016. In 2023, 2jijiri awarded 1,460 scholarships, with 61% going to women, creating 464 jobs, and integrating 1.8% to people

with disabilities. Additionally, it certified 921 beneficiaries, provided 388 toolkits, and developed 539 enterprises. The bank currently partners with Vocational Education and Training Authority (VETA), Small Industries Development Organization (SIDO), and Folk Development College (FDC) to provide access to industry-aligned education, fostering entrepreneurship and reducing unemployment rates.

KCB Uganda rolled out several products and initiatives to address the needs of the youth. Through the KCB Foundation 2jijiri programme, the bank provides skills training to vulnerable and unemployed youth and offers certification upon completion of training programmes. Last year, a total of 2,165 individuals were trained through this programme.

In addition to skills training, we financially offer toolkit loans at subsidised interest rates to the youth. These loans help them start businesses and improve their livelihoods. The bank also supports the purchase and delivery of necessary tools.

Through the KCB-GIZ E4D Twekozese Project, the bank has empowered 2,165 youth with skills in the building and construction sector spread across 13 Vocational



691

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1,460

In 2023, 2jijiri awarded 1,460 scholarships, with 61% going to women, creating 464 jobs, and integrating 1.8% to people with disabilities.



1,858

Moreover, the project has generated 1,858 direct and indirect job linkages, contributing to Uganda's employment sector.

639

To further support the beneficiaries, 639 toolkits were granted to the best performers in various trades, including welding and fabrication, carpentry, plumbing and fitting, masonry, and electrical installation.



64 MSMEs

NBK has demonstrated their commitment to supporting MSMEs and WSPs by onboarding 64 MSMEs and two WSPs.



Young African Works beneficiary at work.

Training Institutions in all four regions of Uganda. The project has also facilitated the activation of 1,765 individual accounts for beneficiaries, creating a financial inclusion impact.

Moreover, the project has generated 1,858 direct and indirect job linkages, contributing to Uganda's employment sector. To further support the beneficiaries, 639 toolkits were granted to the best performers in various trades, including welding and fabrication, carpentry, plumbing and fitting, masonry, and electrical installation. The bank has also launched a toolkit loan for all E4D beneficiaries, targeting 440 beneficiaries.

With a focus on contributing to Kenya's drive to provide Clean Water and Sanitation for all, **NBK** disbursed KShs. 697 million to its customers, facilitating the financing of the Water, Sanitation and Hygiene (WASH) sector through its flagship financing programme, MajiKonnnect, a one-of-a-kind project targeting Micro, Small and Medium-Sized Enterprises (MSMEs), corporates, and water service providers (WSPs). The bank scaled the programme to finance the drilling and solarising of boreholes for energy efficiency and introduced smart metering for county governments and WSPs to avoid wastage and ensure accountability.

The bank's efforts have enabled over 251,000 individuals to access safe and affordable drinking water, while also creating and sustaining 553 jobs in the water and sanitation sector. The bank's active participation in conferences such as the UN Water Conference in New York and the European Microfinance Week in Luxembourg, has positioned it as a trusted partner in the industry. Additionally,



251,000

The bank's efforts have enabled over 251,000 individuals to access safe and affordable drinking water, while also creating and sustaining 553 jobs in the water and sanitation sector.

NBK has demonstrated their commitment to supporting MSMEs and WSPs by onboarding 64 MSMEs and two WSPs. These achievements highlight NBK's dedication to sustainable development, economic empowerment, and improving access to clean water for communities in need.

The bank also partnered with the African Guarantee Fund, WaterEquity, Aqua for All, Davis & Shirliff, and Kenya Water Institute (KEWI) to further extend credit to the WASH sector. Our collaboration with the Ministry of Water, Sanitation, and Irrigation, and the county governments of Mombasa and Laikipia additionally provided affordable financing and technical support to help communities access clean water. Further, to provide affordable drinking water to our staff, we installed water purification systems across our branches.

The KCB Foundation recently undertook a project in Marsabit County to alleviate water access challenges faced by communities in arid and semi-arid regions. They drilled six boreholes across three constituencies, with a budget of KShs. 46 million. This initiative enabled 36 villages, comprising a population of over 46,000 people, to gain access to sufficient and clean water for both household and livestock use. The primary objective of this project is to enhance the communities' resilience to droughts and improve their overall well-being. In addition to addressing immediate water needs, the initiative is expected to contribute to limited crop production activities through irrigation, further supporting local agricultural practices. The KCB Foundation's efforts in drilling boreholes and ensuring water access demonstrate its commitment to the welfare and prosperity of the communities in Marsabit County.



The programme also extended quality assurance training to 30 FPOS in six counties reaching out to 146 farmers.



Skills training

By supporting high school and tertiary education students and providing pathways to employment through apprenticeships, the Foundation enables individuals to build sustainable enterprises, aligning with SDG 4 and SDG 8. This investment in education not only fosters economic growth but also empowers individuals and promotes social mobility.

The Foundation recognises the potential of the agriculture sector in providing job opportunities, especially for the youth. To support farmers and address the challenges of unemployment and food insecurity, the Foundation has increased its engagement in sustainable agriculture across the Zijiiri, Mifugo ni Mali, and Young Africa Works programmes.

Through these programmes, the Foundation supports farmers with tailored financing solutions, value addition, market linkages, and business development support. The programme also extended quality assurance training to 30 FPOS in six counties reaching out to 146 farmers.

KCB Group aims to enhance value chains and empower farmers with a focus on sustainable agriculture. Through partnerships with organisations like Mastercard Foundation and initiatives like the Young Africa Works programme, the Foundation strives to provide dignified employment opportunities, particularly for youth and women. By fostering socioeconomic progress in communities, the Foundation is driving inclusive growth and improving livelihoods.





Access to education

The Foundation's expansive education programme aims to provide educational opportunities to 22,000 vulnerable children and youth by 2027, focusing on economically challenged school graduates, particularly female students and Persons with Disabilities (PWDs). This initiative directly contributes to SDG 4 and SDG 10, addressing social disparities and promoting inclusive education.

Through collaboration with partners, the Foundation seeks to increase its funding base to KShs. 2.5 billion annually and enhance its implementation capacity by 30%, ensuring effective delivery of its sustainability agenda. This comprehensive approach, which integrates economic development with social impact, is essential for achieving sustainable development and advancing the SDGs in the region.

To further reduce inequalities and improve access to education, in 2023, the Foundation provided 1,326 scholarships to needy but bright students: 640 female students and 686 male students were awarded scholarships. The Foundation's education programme

now includes both high school and university scholarships, with a total of 1,000 scholarships offered annually, a jump from the 240 previously offered.

The completion rate from Form 1 to Form 4 in the education initiative was 99%, and the transition rate for students who finished high school in 2022 was 84%. These achievements demonstrate the Foundation's commitment to supporting students throughout their educational journey.

The Foundation's distribution of laptops and desktops to underprivileged students, along with the provision of technology tools for community training centres, highlights its unwavering dedication to empowering communities through education and technology. Furthermore, the Foundation's mentorship programs in schools reflect its commitment to nurturing talent and fostering educational excellence, creating a comprehensive approach to holistic community development.

The Foundation's access to education has been cascaded to the various subsidiaries:

KCB Bank Kenya

Through our scholars' programme, we target to provide comprehensive scholarships to **1,000** bright students from underprivileged backgrounds who are at risk of dropping out of school.

Furthermore, through the KCB Foundation, we donated learning materials, sponsored various school programmes, and invested over **KShs. 32 million** in projects proposed by the bank's branches.



High school scholarship training forum at Karen Leadership Centre.

Every year, KCB Bank Kenya dedicates resources to support education initiatives aimed at ensuring that no student is left behind. Through our scholars' programme, we target to provide comprehensive scholarships to 1,000 bright students from underprivileged backgrounds who are at risk of dropping out of school. Additionally, we reserve 100 scholarship slots for Persons with Disabilities and 500 slots for girls, including those rescued from harmful practices like Female

Genital Mutilation (FGM), early marriage, and teenage motherhood.

Furthermore, through the KCB Foundation, we donated learning materials, sponsored various school programmes, and invested over KShs. 32 million in projects proposed by the bank's branches. This investment included the provision of water tanks, the construction of sanitation facilities, and donations of desks and chairs to 25 schools, improving the learning environment for countless students.

NBK



NBK, the Group's other Kenyan subsidiary, launched its flagship education enablement programme, Elimu Konnect, committing KShs. 2 billion towards the support of the education ecosystems within primary and secondary schools. The programme is aimed at promoting SDG 4 by enhancing access to quality education. Through Elimu Konnect, NBK facilitates and supports flexible financing to upskill infrastructure development, leadership capacity building, innovation in learning, energy and water provision, digitisation as well as asset financing for schools.

The programme creates a collaboration between different

partners in the education sector, including Kodris Africa, for a coding for schools platform. Notably, Kodris Africa will provide a 20% discount to the schools funded through the NBK-Private Schools partnership. Other partners key to this programme include the Kenya Private Schools Association (KPSA) and UNIFIED Alternative Providers for Basic Education and Training (APBET) Schools Association-Kenya.

The bank also developed NatShule, a next-generation school management application that supports digital school management, allowing teachers and parents to monitor students' academic progress even while at home.

NBK, the Group's other Kenyan subsidiary, launched its flagship education enablement programme, Elimu Konnect, committing

KShs. 2 billion

towards the support of the education ecosystems within primary and secondary schools.

KCB Bank Tanzania



Additionally, we donated **KShs. 454,051** to the Ereto East Africa Foundation for the construction of computer labs in Longido.

In November 2023, KCB Tanzania donated 120 desks to the Kibaha Urban District, addressing the shortage of desks in primary schools and improving the learning environment. This initiative, valued at KShs. 1.6 million, provides seating for approximately 360 students.

Additionally, we donated KShs. 454,051 to the Ereto East Africa Foundation for the construction of computer labs in Longido. This initiative is expected to transition students into a more digitised learning environment, ultimately creating a digitally empowered generation that can unlock Tanzania's technological opportunities.



Looking Forward

Stakeholder Involvement in Community Groups

The Foundation is committed to developing programmes for low-income women as part of its community development work. We believe that active stakeholder involvement is essential for their success, therefore, we will ensure that the women are engaged right from the design phase through to the implementation, monitoring, and eventual closure of the programmes. By involving the women in this process, we aim to gain

a better understanding of their needs and aspirations, and also generate valuable social capital.

This intentional approach to stakeholder involvement will also be applied to our athletics scholarship programme, which is scheduled to be rolled out in 2024. Furthermore, involving the community in defining the programme's ambitions is important to us. Also, we strongly believe that it is crucial to work within the set governance structures and comply with the country's statutory legal obligations when working on behalf of the community.



Expansion of 2jajiri to other subsidiaries

Since its inception, the KCB Foundation has been dedicated to creating shared value through inclusive programmes that support the youth and communities in the areas where we operate. Its activities in Kenya have achieved remarkable success, which is why these programmes have been replicated in the Group subsidiaries.

We plan to implement 2jajiri in Burundi, South Sudan, and the Democratic Republic of the Congo. By expanding and accelerating our youth empowerment and job creation initiative regionally, we aim to make a positive impact in the lives of more young people and contribute to the economic growth of these countries.

Case Study 1

How Laban Koech refused to let life's adversities get in his way

It was a sunny day in April 2021 when Laban Koech's phone vibrated with a message from the CAP Youth Empowerment Institute group chat, where he previously undertook online Hospitality Management classes.

"The group administrators often posted job opportunities to interested applicants and, on that day, the admin sent an advertisement from the KCB Foundation 2jajiri programme in partnership with the German International Agency (GIZ), seeking to offer vocational skills scholarships to interested youth," Laban said.

Laban, in desperate need of a breakthrough, applied for the scholarship and emerged victorious. He was awarded a scholarship to study an Electrical Installation course at the Nairobi Gearbox Institute. However, financial constraints and the challenge of finding accommodation in Nairobi City forced him to withdraw from the course.

Around the same period, Comboni Polytechnic in Gilgil was offering the same scholarships under the E4D programme. He enrolled to the institution for a Masonry and Brickwork course, started classes in July 2021 and completed the course in April 2022.

Laban, the firstborn of eight, always dreamed of becoming a civil engineer. However, life's circumstances were not in his favour. Growing up in Molo town, a hotspot during the 1992 ethnic clashes in Kenya, his family faced significant challenges, including access to quality education.

In 2007, Laban was set to sit for his national examination at Nyairang'a Secondary School, but he could not because his family could not raise the KShs. 4,100 needed for exam registration.

Then the post-election violence broke out.

"My family was displaced, and we had to camp at the Mosque Internally Displaced People camp in Mau Summit. Life at the camp was full of struggle, but somehow, I kept hope alive by doing menial jobs," said Laban.

In 2010, he got married while still at the IDP camp. Through Operation Rudi Nyumbani, the government started resettling people by offering a relocation token.



My family was displaced, and we had to camp at the Mosque Internally Displaced People camp in Mau Summit. Life at the camp was full of struggle, but somehow, I kept hope alive by doing menial jobs," said Laban.



Unfortunately, Laban and his family did not qualify for one as he previously lived in rental houses and did not own any land.

In 2015, the government demolished the camps to pave the way for the Nairobi-Mau Summit Interchange, and Laban had to relocate his now-growing family elsewhere. His relative accommodated him at his farm in Molo, where he currently resides.

"The E4D project was very timely. The skills I acquired from it have been my source of livelihood ever since. I currently have four school-going children under my care," said the mason.

Upon completing the course, Laban and his classmates received toolkits to kickstart their entrepreneurial journey. He used the skills he acquired to open and register his own business, BizLaJaSh Construction.

BizLaJaSh currently has five employees, one of whom is also an Employment and Skills for Development in Africa +(E4D) programme beneficiary. The team is working at a construction site in Molo, and Laban couldn't be happier. Revenue from his business has enabled him to purchase a motorbike that he uses every day to and from work. He also started a poultry farm that helps bring much-needed capital back to his home.

Like any other business looking to expand, BizLaJaSh faces capital challenges. He wishes that the E4D project provide incentives to its beneficiaries or low-interest loans to cushion them during difficult times.

35-year-old Laban is hopeful that his business will scale to greater heights. He believes that the E4D project equipped him with the skills he needs to succeed.

Case Study 2

Zedekiah Wale's Journey from Dreaming to Building

Growing up, Zedekiah Wale wanted to become an engineer. However, life threw him too many curveballs, and anything related to engineering became just that: a dream.

The 26-year-old was born and bred in Mtepeni, Mtwapa, and his childhood was anything but smooth.

"Growing up, life wasn't easy being brought up by a single mother. Sometimes we would sleep hungry due to lack of funds, but I'm thankful because my mum struggled to do her best to raise us," said Zedekiah.

Zedekiah finished high school in 2018 but couldn't move forward to a tertiary institution for his college education due to a lack of school fees. This saw him venture into hustling, finding small jobs to do.

In September 2019, he secured a job as a fuel attendant in Mtwapa, which he held on to until December 2020. This saw him start the year 2021 unemployed. However, he decided to venture into farming after a tender opportunity came his way.

"In January 2021, I saw a tender where a certain firm wanted mango and lemon tree seedlings, so I used to walk to the villages looking for mango seeds that had been thrown on the road to plant. For the lemon trees, I used to go to the market to get spoilt lemons and remove their seeds," he said.

However, this was not a sustainable source of income, as it took almost five months for the tree seedlings in the nursery to grow and be sold.

In May 2021, a friend told him about the KCB Foundation Employment and Skills for Development in Africa (E4D) programme, which was offering scholarships for students to train in welding or plumbing at the Mabatii Technical Training Institute in Mariakani, Mombasa.

"I had a dream to become an engineer who builds things, so I decided to apply for the welding course. We were called for an interview, and this was successful and I was able to start the training in July," he said.

Even with the chance to learn welding, Zedekiah faced a financial challenge during his training as he had to move from Mtwapa to Mariakani because of distance. He had to rent a house and buy his daily meals.

KCB Bank, however, supported him with a stipend of KShs.10,000 for the period he was there.

My family was displaced, and we had to camp at the Mosque Internally Displaced People camp in Mau Summit. Life at the camp was full of struggle, but somehow, I kept hope alive by doing menial jobs," said Laban.



During the training, he was also fortunate to intern at a car yard in Bamburi, where he polished his skills.

After finishing his course in April 2022, he got some welding jobs and registered his business, Siloam Classic Welding and Fabrication, in partnership with another project participant.

In July 2022, the KCB Foundation gave him a welding toolkit, which helped him open his first workshop in Pungu Villa, Likoni. At the beginning of 2023, he opened his second workshop in Mtwapa, where he says business is booming.

"Being back home is a relief. I got a spot next to the road, meaning more clients can access my shop, and there is a lot of construction happening around the area," he said.

In the two workshops, he has employed three people. Looking back, Zedekiah is happy he joined the E4D programme because it has transformed his life into something he thought was elusive.

"All I can say is that I am happy with my leap in life from where I didn't have a source of income, and now, I have a place where I can say I get my daily bread," he said.

His two businesses give him almost KShs. 40,000 per month, and he continues with his hobby, farming; he has rented out at least three farms where he plants different crops, which brings in an additional source of income.

Even with the significant returns, Zedekiah faces cash flow challenges in his business and calls upon KCB to offer short-term loans to beneficiaries to support their growth.

In the future, Zedekiah plans to open more workshops in different areas across the country and expand the services he offers to include vehicle bodywork.



Materiality

Customer Excellence






At KCB Group, our customers are at the heart of everything we do. With over 30 million customers, we take pride in this remarkable achievement. We understand the importance of enhancing customer satisfaction and delivering an exceptional overall customer experience. To achieve these goals, we have fostered a customer-obsessed culture, implementing customer-centric initiatives and utilising key performance indicators to measure success and guide our decision-making process.

Strategies to Measure Customer Excellence



KCB Group utilises key strategies to measure and track its performance in delivering customer excellence. These strategies are monitored at both the Board and Management levels, encompassing the Group's subsidiaries. By aligning with its strategic objectives, the Group ensures a consistent focus on customer satisfaction and loyalty.

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 <p>Net Promoter Score (NPS)</p> <p>The Net Promoter Score (NPS) is a critical strategy used by the Group to measure customer advocacy. NPS is a metric that assesses the likelihood of customers recommending the Bank to others. Regularly measuring NPS ensures we can gauge customer loyalty and identify areas for improvement to enhance the overall customer experience.</p>	 <p>Customer Effort Score (CES)</p> <p>In addition to NPS, the Group also utilises the Customer Effort Score (CES) to evaluate the ease of customer interactions and transactions. CES measures the level of effort customers need to exert to accomplish their goals when engaging with the Bank. Through minimising customer effort, the Group is able to streamline processes and provide a seamless experience for its customers.</p>	 <p>Growth in NPS and CSAT Scores</p> <p>In 2023, we achieved significant growth in our Net Promoter Score (NPS) and Customer Satisfaction (CSAT) scores. The Group registered a 9% growth, resulting in a 61% NPS score, while KCB Kenya experienced a 5% growth, reaching a 63% NPS score. Additionally, there was a 35% improvement in CSAT, reaching a 13% score for both the Group and KCB Kenya. These results reflect the Group's commitment to speed, customer responsiveness, and continuous improvement.</p>
 <p>9%</p> <p>The Group registered a 9% growth, resulting in a 61% NPS score, while KCB Kenya experienced a 5% growth, reaching a 63% NPS score.</p>		 <p>35%</p> <p>Additionally, there was a 35% improvement in CSAT, reaching a 13% score for both the Group and KCB Kenya.</p>

Customer-Obsessed Culture



KCB Group fosters a customer-obsessed culture where every member of the organisation is dedicated to meeting and exceeding customer expectations. This customer-centric approach is ingrained in the Bank's operations and guides decision-making at all levels.

To further enhance customer excellence, we have implemented the Adopt-a-Branch programme, where every member of the Group Management Committee supports a specific branch, fostering a sense of ownership and accountability. This ensures that each

branch receives dedicated attention and support from senior leaders, leading to improved customer service and satisfaction.

We have also established a dedicated task force that analyses customer feedback, identifies pain points, and collaborates with relevant stakeholders to develop effective solutions. Through the task force, we ensure that our services and products align with customer needs and preferences by actively involving them in the solution design process.

KCB Bank Kenya has been actively supporting the growth of businesses in Kenya through its MSME proposition, known as 'Partner Kwa Ground', which was initiated in 2021. We have opened 542,000 accounts so far under this initiative, accumulating deposits totalling KShs. 98.696 billion. Furthermore, the bank has disbursed loans amounting to KShs. 66.153 billion, contributing to the growth and development of businesses across various sectors.

To improve its products and services to meet the evolving needs of its customers, the bank is accelerating its digital proposition with a series of innovative initiatives that enhance customer experience and bolster operational efficiency. The bank introduced an Agency Banking Web Solution that eliminates the need for purchasing point-of-sale (POS) devices and the associated lease fees. This development not only benefits the bank but also makes banking more accessible and cost-effective for customers.

To further streamline services, a new digital loan scoring engine was implemented for Mobiloans. The digital solution accelerates the loan application and approval process, providing customers with quick and convenient access to financing.

KCB Bank South Sudan Limited places the utmost importance on its customers, so when the Central Bank revised the base lending rate

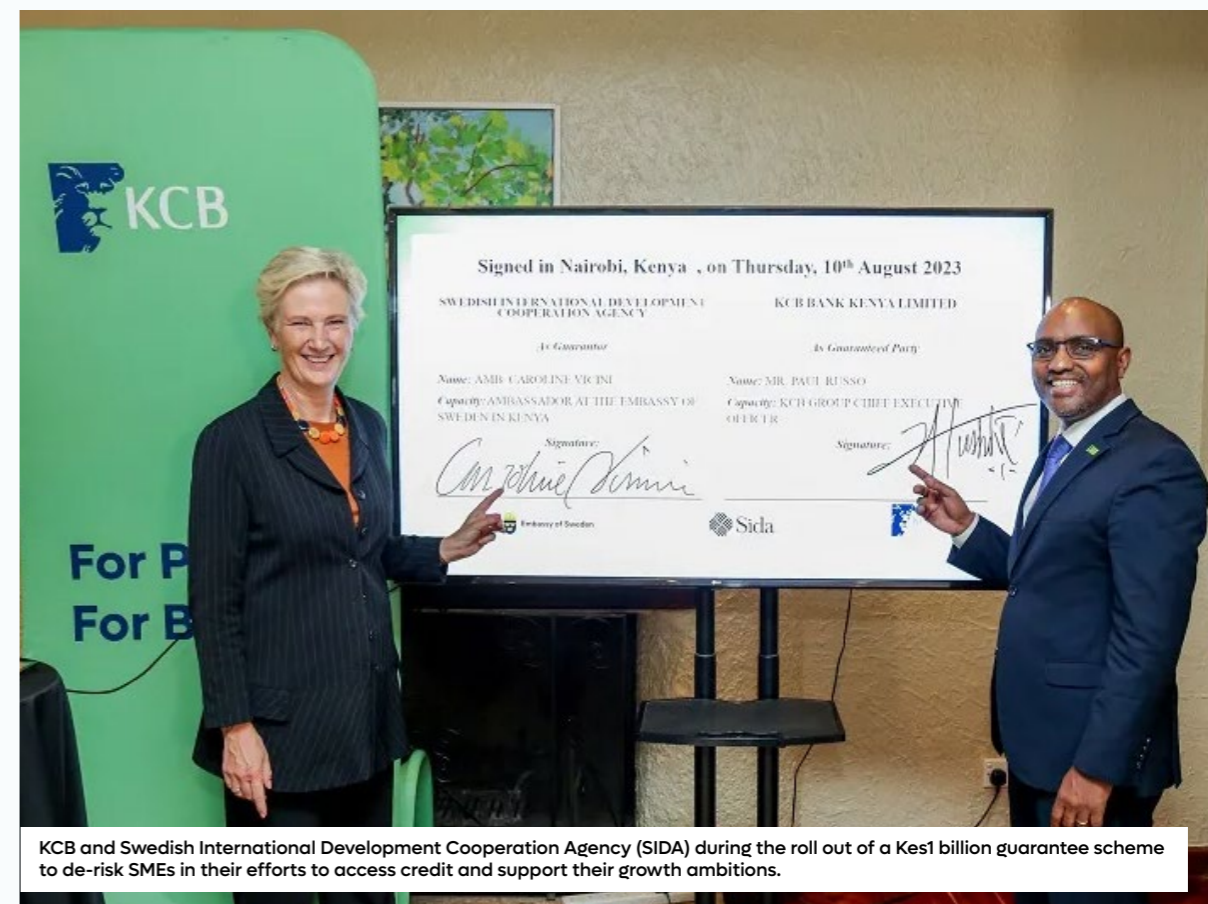


from 12% to 15%, the bank took a cautious approach while reviewing the rates internally due to the tough economic environment.

The bank expanded its digital channels to enhance customer experience, leveraging technological advancements for improved accessibility. This initiative empowered customers with seamless and secure banking experiences, facilitating convenient access to various services. The remarkable revenue growth of fintech products like Internet banking and mobile banking underscored their increasing significance in the market. Recognising this potential, we aim to further penetrate the market by staying at the forefront of digital advancements and enhancing our fintech offerings, thus driving financial inclusion and meeting evolving customer needs.

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KShs. 66.153 b
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KCB and Swedish International Development Cooperation Agency (SIDA) during the roll out of a Kes1 billion guarantee scheme to de-risk SMEs in their efforts to access credit and support their growth ambitions.

In addition, the bank provided cash-based transfer solutions to organisations such as the World Food Programme (WFP) and the United Nations High Commissioner for Refugees (UNHCR). By facilitating safe and efficient financial transactions, the bank played a vital role in supporting humanitarian efforts and promoting socio-economic stability in the region. The bank also successfully opened a new branch in Yei, expanding our presence and accessibility to customers in the region. This strategic expansion allowed the bank to better serve its customers and contributed to the economic development of the area.

KCB Bank Burundi's efforts to drive a customer-centred value proposition were evident in its

operations, particularly in retail, which emerged as the best performer with year-on-year growth of 40% and 41% in loans and deposits, respectively. Similarly, corporate loans experienced a substantial 40% year-on-year growth. Our most successful products this year included the SME loan product, showing remarkable growth of 111% year-on-year, and the mortgage product, with a substantial 39% growth.

The key driver behind this growth has been the significant increase in loans, resulting in a notable 40% rise in net interest income. Moreover, non-interest income (NFI) saw substantial growth, especially in commissions, which exhibited a robust 20% year-on-year increase.



40%
KCB Bank Burundi's efforts to drive a customer-centred value proposition were evident in its operations, particularly in retail, which emerged as the best performer with year-on-year growth of 40% and 41% in loans and deposits, respectively.



111%
Our most successful products this year included the SME loan product, showing remarkable growth of 111% year-on-year, and the mortgage product, with a substantial 39% growth.

By facilitating safe and efficient financial transactions, the bank played a vital role in supporting humanitarian efforts and promoting socio-economic stability in the region.

Customer-centric initiatives



KCB Group has implemented several customer-centric initiatives that contribute to sustainability and economic empowerment, including:



Kopa Float: Provides easily accessible financing for short-term needs for agency businesses, allowing them to efficiently manage their cash flow and operational requirements. This initiative supports the financial stability and growth of agency businesses, contributing to economic empowerment and sustainability.



Retailer Financing: Focuses on the customer value chain, providing credit guarantees to distributors, thereby supporting the entire distribution network and ensuring smooth operations for marketers and distributors. This initiative contributes to the sustainability of the retail ecosystem and supports the financial stability of businesses within the value chain.



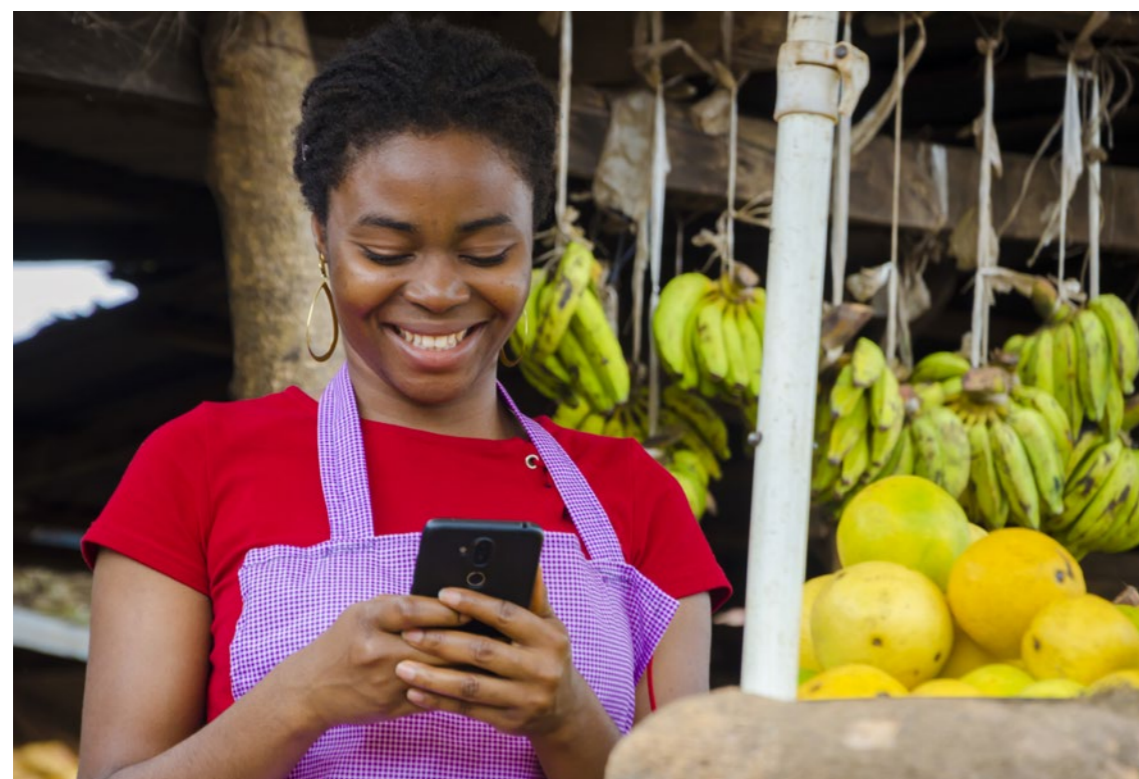
KCB One Till: Enables customers and businesses to digitise their payments, offering convenience and efficiency in financial transactions. This digital solution enhances customer experience and promotes financial inclusion, aligning with our commitment to customer-centric innovation.



Agency Banking: Takes our services directly to customers' doors, ensuring accessibility and convenience for a wide range of financial transactions. It promotes financial inclusion and accessibility, particularly for underserved communities, contributing to sustainable financial services.



Digital Salary Advance: Allows customers to access advances digitally, providing them with financial flexibility and support when needed. This initiative supports financial resilience and stability for customers, contributing to sustainable financial solutions.



Inclusivity and Partnerships



At KCB Group, there is a strong commitment to enhancing inclusivity and partnership across its customer base. This commitment is evident in various initiatives and partnerships undertaken by the Group.



Women-Valued Proposition

In 2022, KCB Bank Kenya committed KShs. 250 billion over five years to empower women entrepreneurs, demonstrating its dedication to catalysing economic growth and promoting gender equality in entrepreneurship. Through the Female-Led and Made enterprise (FLME) platform, the bank pledged an annual sum of KShs. 50 billion to foster entrepreneurship, stimulate job creation, and reach unique market segments, particularly businesses owned or operated by women. By providing financial resources, support services, and tailored solutions, KCB Bank Kenya aimed to drive inclusive economic growth and empower women to realise their full potential in the business world.

To date, the bank has disbursed loans totalling KShs. 115 billion, benefiting 683,887 FLME customers. Additionally, it remains committed to empowering women through tailored training programmes. Over 3,000 women have received skills training aimed at enhancing their business management capabilities, further reinforcing KCB's commitment to driving sustainable and inclusive growth.

To bolster its commitment to inclusive growth, KCB Tanzania partnered with the **European Investment Bank** (EIB) to support women-led businesses and the blue economy. This partnership highlighted the bank's commitment to fostering economic growth while promoting gender equality and sustainable use of marine resources.

KCB Uganda is looking to promote women's empowerment by offering financial literacy programmes and forming Savings and Credit Cooperative Organisations (SACCOs). Additionally, our female staff in the business unit can provide the women with access to financial resources and support their entrepreneurial endeavours.



KShs. 250 billion

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In an effort to deepen financial access, NBK launched **Nia**, a women-focused proposition that provides women-owned and women-led enterprises with access to financial support, capacity building, and mentorship to enable them to sustainably grow their businesses whilst creating new job opportunities and scaling the national economic contribution. In addition to this, the bank launched an Islamic banking proposition, 'Almasi', for female customers to meet their unique banking needs. The Bank is also part of the Access to Government Procurement Opportunities (AGPO) programme, which finances women, youth and the differently abled, looking to grow their businesses.

Inclusion of the differently abled is core to NBK's agenda, and in 2023, we donated equipment, including wheelchairs and crutches, during the National Transport and Safety Authority (NTSA) event, held on November 19, to mark World Day of Remembrance for road crash victims. Our partnership with the Special Olympics during its Family Health forums also created an environment where families of individuals with intellectual disabilities could access health education from community leaders, healthcare professionals and social service providers.



Partnerships

Our commitment to inclusivity is evident through various initiatives and partnerships aimed at extending solutions to special interest groups (SIGs) and promoting diversity and inclusion through the following:

One such initiative is the allocation of 10% of tenders to special interest groups (SIGs). By doing so, KCB promotes diversity and creates economic opportunities for these groups, contributing to sustainable and inclusive business practices. In addition, KCB provides special propositions for women-led enterprises, aiming to support female entrepreneurs and promote gender equality in the business world. This initiative not only empowers women economically but also enhances diversity within the business ecosystem.

The Group also partners with county governments through the Mifugo ni Mali program. This partnership focuses on supporting agricultural development and economic growth. By promoting sustainable agricultural practices and fostering economic empowerment within local communities, this collaboration contributes to the overall well-being of these regions. Recognizing the importance of public transportation, the Group has invested KShs. 5 billion in the matatu industry. This significant investment contributes to the growth and sustainability of public transportation, ultimately benefiting commuters and the sector as a whole. By supporting sustainable transportation solutions and economic development within

The Group also provides staff training on special interest groups and inclusivity, ensuring that employees are equipped to support diverse customer needs.

the industry, the Group plays a vital role in shaping the future of transportation.

Addressing the issue of affordable housing, KCB Group has partnered with the government to offer a low-cost housing mortgage product. This initiative aims to promote affordable housing solutions for customers, enabling them to have a place to call home. By doing so, we support sustainable housing solutions and financial inclusion for its customers. Lastly, KCB has established the Hustler Fund, which supports entrepreneurship and business growth. Through this fund, the Group provides aspiring entrepreneurs with financial resources and support to help them pursue their dreams. By empowering individuals to realize their entrepreneurial aspirations, we foster innovation and contribute to overall economic growth.

The Group also provides staff training on special interest groups and inclusivity, ensuring that employees are equipped to support diverse customer needs. This commitment to staff training promotes a culture of inclusivity and customer-centric support within the organisation.



Financial Inclusion

Since its inception in 2004, TMB Bank in the DRC has played a pivotal role in driving financial inclusion and empowering millions.

In a country where access to financial services was once a privilege reserved for a select few, the bank has shattered barriers and transformed the lives of over 2 million clients by offering a gateway to economic opportunities. From just 35,000 bank accounts in 2004, TMB's exponential growth is a testament to its unwavering commitment to providing accessible and inclusive financial solutions.

TMB's commitment to widening access to financial services is further exemplified by its development of a multi-channel distribution

network that is unparalleled in scale and reach. With 108 branches scattered across the country and over 3,600 agency banking outlets, the bank has bridged the gap between urban centres and remote areas, bringing banking services closer to communities that were previously underserved.

In addition, the bank's agent banking network has experienced a remarkable 20% growth in 2023, culminating in over 3,600 agents strategically positioned throughout the country. This expansive network ensures that banking services are readily accessible to individuals and communities, even in remote areas that were previously underserved.



Over 2 million

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108 branches

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Community Investment



1 Support to MSMEs

In 2023, **KCB Bank Kenya** partnered with the Swedish International Development Cooperation Agency (SIDA) to launch a KShs. 1 billion guarantee scheme. This initiative aims to de-risk MSMEs in their pursuit of accessing credit and supporting their growth ambitions. MSMEs, particularly those facing challenges in accessing affordable credit. Notably, the support extends to refugees and asylum seekers, who will receive up to an 80% guarantee, while other MSMEs will be guaranteed up to a rate of 50%. Targeted sectors include agriculture, as well as businesses owned by women and youth.

Similarly, it selected 50 talented athletics students to join its 2024 KCB Scholars' Programme, expanding the initiative in Kenya. This programme, aligned with the Competency-Based Curriculum (CBC), not only supports students' academic pursuits but also aims to nurture their athletic talents.

In the DRC, **TMB Bank** is making significant strides in addressing the financial needs of the largely informal artisanal mining (ASM) sector. With an estimated employment of up to 1 million people, the ASM sector plays a crucial role in income generation, especially in underdeveloped regions of the Congo. However, until now, this sector has been completely excluded from the banking system.

Recognising this gap, the bank took the initiative in late 2019 to develop banking and insurance solutions tailored specifically for the ASM sector. As the only financial institution in the DRC seeking to engage with this sector, we

are paving the way for financial inclusion in a previously untapped market.

To deliver these services, we are leveraging our mobile banking service, Pepele Mobile, along with our remote area banking teams. This approach allows us to provide a range of financial services to both artisanal and small-scale mining enterprises, as well as individuals active in the sector. The product portfolio includes loan products, enabling us to not only support the entire ASM supply chain but also extend our services to the wider communities where artisanal mining takes place.

The ASM strategy aligns seamlessly with its mission of financial inclusion. By seizing the opportunity to be a first mover in a sector with immense growth potential, TMB Bank aims to overcome significant barriers to entry and reshape the financial landscape for ASM communities across Congo. This approach promises to be transformative, empowering individuals and enterprises in the ASM sector to thrive.

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80%

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KCB Biashara club members taking a wholistic business stock to launch further.

2 Supporting the creative economy

Recognising the importance of fostering a strong and vibrant society, KCB South Sudan participated in events and projects that address pressing social issues.

One notable example of the bank's dedication to social causes is its participation in the Miss South Sudan Beauty Pageant, where it contributed to the advancement of the country's creative economy for young women by creating opportunities for personal growth and development.



3 Partnering for Progress

In pursuit of reducing inequalities and fostering partnerships for sustainable development, KCB Bank Burundi extended three partnerships in 2023. The first one was forged with the Ministry of National Solidarity, Social Affairs, Human Rights and Gender. This collaboration aimed to address societal challenges and promote social welfare through joint initiatives and programmes for our staff and communities in Burundi.

The second was with the Centre National de Readaptation Socio Professionnelle (C.N.R.S.P) and Centre de Formation Professionnelle de Kanyosha (C.F.P.K). These training centres motivate people by showing them how they can overcome the limits and barriers of thought. The bank's partnership with C.N.R.S.P and C.F.P.K saw a total of 273 of our customer beneficiaries, 47% female and 53% male, enrol in these training programmes.



273

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Strategies for Customer Safety



We recognise the critical importance of risk mitigation when serving our vast customer base. With millions of customers, ensuring their safety is paramount to us. We achieve this by continuously enhancing our digitisation efforts and implementing robust risk management strategies. By doing so, we prioritise the security and well-being of our valued customers.

Root-Cause Analysis and Issue Resolution

Whenever an issue or non-compliance is flagged, the Group initiates root-cause or trend analysis. This systematic approach enables the identification of underlying causes and facilitates the development of action points to address the issue or complaint raised by a customer. Whether it is a system issue or a people-related matter, we take prompt action, including patching system issues and providing relevant training to staff on how to handle specific situations.

Cybersecurity Threat Mitigation Campaigns

To safeguard customers from cybersecurity threats such as fraudulent messages and attacks, the Group conducts targeted campaigns through various outreach platforms. These campaigns utilise channels like SMS, email, and social media to raise awareness, educate customers, and provide guidance on protecting themselves from cyber risks.

Branch-Level Implementation

To ensure consistent customer service excellence across all subsidiaries, the organisation has appointed regional excellence managers. These managers oversee customer service standards and initiatives, ensuring that best practices are cascaded down to the branch level, resulting in a seamless customer experience.

Robotics Process Automation for System Reversals

To mitigate the impact of system downtime, KCB utilises robotics process automation. This technology enables automated reversals and other necessary actions when systems experience disruptions, ensuring minimal inconvenience for customers.

Hakikisha: Eliminating Errors

The implementation of the Hakikisha verification process is designed to bolster the accuracy of customer transactions. By allowing customers to carefully review and affirm their transactions prior to finalisation, Hakikisha effectively mitigates errors and significantly enhances overall customer satisfaction.

Digitisation of Customer Journey

KCB Group prioritises digitising the customer journey, ensuring convenience and accessibility through mobile devices. We have revamped our mobile app platforms, including KCB Mobi, i-bank, KCB M-Pesa, and Vooma, to deliver a diverse range of solutions that offer customers a seamless and user-friendly experience.

We recognise the critical importance of risk mitigation when serving our vast customer base. With millions of customers, ensuring their safety is paramount to us.



Case Study

From Baking to Microlending: Immaculate Wanjiru's Journey of Adaptation and Resilience during the COVID-19 Pandemic



who require between KShs. 100,000 and KShs. 500,000, and they don't know where they can get that kind of money," she pointed out.

She started with five customers, barbers and salonists, all of whom were from the estate, and she used part of her pension money to lend them the money they needed.

As her registration papers were being processed, a friend introduced her to the Business Network International – Kenya Chapter (BNI Kenya), which is the world's leading business referral organisation with over 280,000 members in 10,000 chapters worldwide. According to Immaculate, BNI is a safe space to work with because the referrals she has received from there are vetted by the people who give her the referrals. Business owners own BNI. Currently, she has 259 clients and about 70% to 80% of her customers have been referrals from BNI.

Immaculate said her business would not have grown to where it is now were it not for the help of KCB Bank Kenya. She says KCB's Female-Led and Made Enterprises (FLME) came in when she was struggling to graduate the five customers.

Immaculate Wanjiru, a wife and a mother of two, had been in the microfinance sector for 28 years, but she ventured into entrepreneurship during the COVID-19 pandemic period. In March 2020, Immaculate quit her job at one of the micro-finance institutions where she had worked for 24 years. "Salaries were being slashed up to half as the effects of the pandemic were coming into realisation. I decided to start baking."

After recognising an opportunity in her local area, she ventured into baking. The new business was doing very well and looked promising in the first few days, but one day, a neighbour gave her an order of 300 cupcakes. Even though she managed to fulfil the order, it was a real struggle as her oven could only hold 30 cupcakes at a time.

After that order, she thought of seeking a finance deal to enable her to purchase a bigger oven which could handle big orders. It became harder to get a financier because of the uncertainty due to the pandemic. "No one was willing to finance me to purchase a new oven of up to KShs. 100,000 or more," she said. This obstacle made her notice a gap, and in the process, she decided to turn that challenge into an opportunity as she went back to what she knew best – microlending.

Weeks later, she established Proficient Credit Limited, a microfinance institution currently located at Zuhura Place in Thika town. At the time, she only had her pension money to operate on. "I knew how to sell loans. Due to my experience after working for 24 years in the microfinance sector, I could categorise customers into various groupings – low, medium, and high. My passion for business was on the low (small and micro). These are the customers

"The nature of our work is if a customer requests their security back. When I got this challenge from my very loyal customer who wanted to graduate, and he was threatening to leave, I called my relationship manager at KCB, and she was quick enough to tell me about the product (FLME) and that I qualified for it. Within three days, I got the money and disbursed it to my customer, hence retaining my loyal customer."

Due to FLME, she has been able to employ one staff member, and she is currently upgrading her office operating systems. Additionally, Immaculate shared that when she opened an account with KCB Bank Kenya, she was put into the Biashara Club. "The training in Biashara Club has made me and my staff more confident and more knowledgeable on matters of tax. It has also taught me how to grow my business organically."

Looking ahead, Immaculate wants to expand her product lines. "I funded a school, and now the school requires school buses. I have another client (a hospital), and they now require an ambulance." She hopes FLME will walk with her and facilitate the business to meet the increasing demands, as well as play a critical role in the expansion process.



Materiality

Digital Leadership

As a Group, our digital leadership is characterised by our commitment to innovation, customer-centric approach, strategic partnerships, and our focus on cybersecurity. We have invested in digital technology that has enabled us to guarantee the integrity of our systems and aided the Group increasing the efficiency with which we serve our customers. All staff decisions can be monitored, which leads to greater accountability and transparency in the Group's operations, but also effectively blocks any fraudulent activities.

Governance Framework



KCB's cybersecurity programme is governed by a robust Cybersecurity Governance Framework Policy. This policy includes a set of supporting standards, procedures, and minimum baselines that guide the Technology Division in its cybersecurity efforts.

Cybersecurity is a matter of utmost importance at KCB and is actively governed and discussed at various levels within the organisation. It receives attention from the Board, Exco, and the Group Technology Management Committee (ManCo).

To ensure transparency and accountability, cybersecurity reports are discussed on a weekly basis at the Group Technology ManCo. Monthly reports are also shared with the Exco, providing a comprehensive overview of the Group's security posture and any emerging threats. Quarterly reports are presented to the KCB Boards, ensuring that the highest levels of governance are informed about the Group's cybersecurity efforts.

The IT reports to two boards at KCB Group. The Strategy and Digital Board for KCB Kenya focuses on digital initiatives and cybersecurity, while the Strategy

and IT Board Committee at the Group level consumes the monthly reports on the Group's security posture and emerging threats within the business.

To ensure adherence to established policies and standards, the Group conducts regular compliance reviews, which verify that the Bank is complying with the defined cybersecurity policies and standards. The cybersecurity policy framework at the Group is reviewed every two years to ensure alignment with emerging threats and developments in industry standards. This regular review process helps the Group stay up-to-date with the evolving cybersecurity landscape and adapt its policies accordingly.



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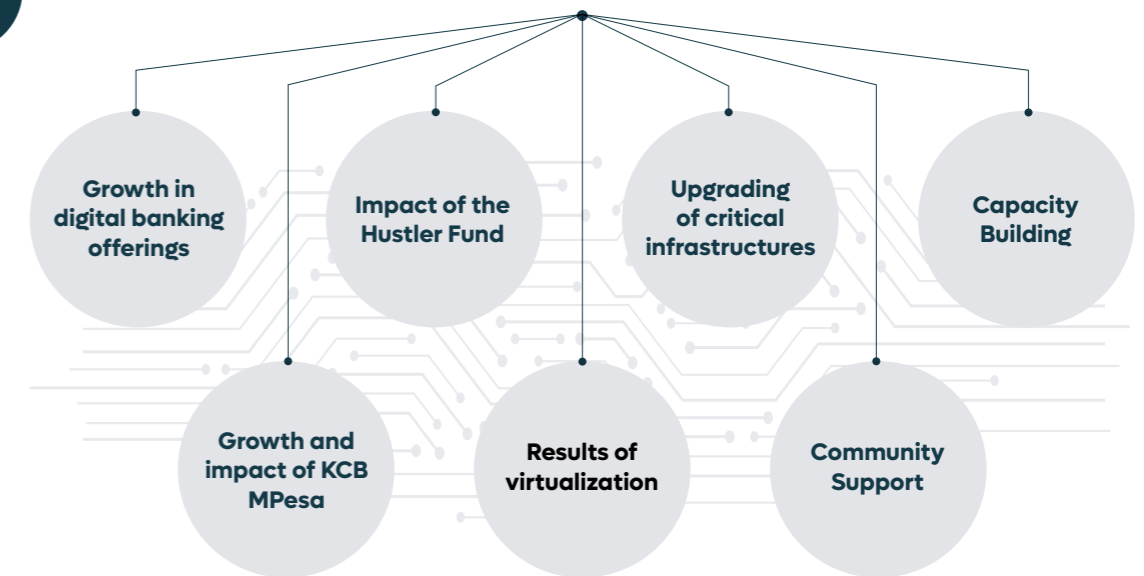
Strategic Initiatives in the Digital Space



We have successfully implemented a range of innovative initiatives that showcase our unwavering dedication to digital leadership. These initiatives have not only fostered remarkable growth within our financial ecosystem but have also exemplified our strong commitment to sustainability.



Metrics to measure digital leadership



Digital Banking Offerings

The USSD channel, available to anyone with a feature phone, and KCB Agent Mtaani, accessible even to those without phones, facilitated 61.1 million transactions valued at KShs. 654.4 billion during the year under review. The Bank has also implemented open banking capabilities, empowering fintechs and startups to integrate and offer banking services through our platforms as part of the Banking as a Service Strategy.

In 2023, KCB Group experienced significant growth in the use of its digital channels, with notable increases in the disbursement of KCB M-PESA loans by 7% and KCB Mobile loans by 55%. The number of registered KCB M-Pesa users who took loans also increased to 21.6 million from 20.6 million in 2022, reflecting the growing adoption of digital financial services. Furthermore, the number of Mobi loans disbursed increased to 1.8 million valued at KShs. 33,417,799,517, and Vooma, the Group's mobile wallet for customers without traditional banking services, experienced considerable growth, with the customer base growing from 1.34 million wallets in 2022 to 1.92 million wallets in 2023.



55%

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21.6 million

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KCB M-Pesa Growth & Impacts

KCB M-PESA, a key contributor to digital deposits, has experienced substantial growth, demonstrating its significance in the Bank's digital financial ecosystem. The account has been instrumental in providing financial services to a wide customer base, contributing to the growth of digital deposits. The service, which typically commands a significant share of deposits, witnessed substantial growth from KShs. 5.4 billion in 2022 to KShs. 6.3 billion in 2023, reflecting the increasing adoption and utilisation of the platform for digital transactions and savings.



KShs. 6.3 billion

The service, which typically commands a significant share of deposits, witnessed substantial growth from KShs. 5.4 billion in 2022 to KShs. 6.3 billion in 2023, reflecting the increasing adoption and utilisation of the platform for digital transactions and savings.



Impact of the Hustler Fund

The Hustler Fund, a loan project led by the Kenyan government, has significantly contributed to digital savings held by KCB Group, further bolstering the Group's digital deposits and financial inclusion efforts. The Hustler Fund has contributed approximately KShs. 2 billion to digital savings held by the Group, reflecting its role in promoting financial inclusion and encouraging savings among customers. The loan on the Hustler Fund attracts a mandatory 5% savings, which is held by the Group, further promoting a culture of savings and financial responsibility among customers.



KShs. 2 billion

The Hustler Fund has contributed approximately KShs. 2 billion to digital savings held by the Group, reflecting its role in promoting financial inclusion and encouraging savings among customers.



Transition to Virtualisation

KCB Group's approach to improving energy efficiency centres around virtualisation is a key strategy that has yielded impressive results. By transitioning from physical servers to virtual servers, we have effectively reduced the data centre footprint. Notably, one physical server now accommodates an average of 100 virtual servers, resulting in substantial energy savings and resource optimisation.



100 servers

Notably, one physical server now accommodates an average of 100 virtual servers, resulting in substantial energy savings and resource optimisation.



Infrastructure Upgrades

In addition to virtualisation, KCB Group has undertaken infrastructure upgrades to further improve energy efficiency. Notably, the Group refreshed legacy infrastructure and adopted energy-efficient storage and servers. For instance, the implementation of all-flash storage in 2021 led to a remarkable reduction in physical space requirements. This upgrade resulted in the Bank's footprint shrinking from a full rack to ¼ rack, with servers occupying only ½ rack, all within the same year.



¼ rack

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Solar-Power Integration

To align with its commitment to environmental sustainability, KCB Group migrated its primary data centre to another location heavily reliant on solar power. This strategic move is expected to significantly reduce power consumption compared to the legacy Kencom data centre, whose Power Usage Effectiveness (PUE) falls short of required levels due to its outdated nature. By harnessing solar energy, the Bank aims to minimise its carbon footprint and operate more sustainably. This was in addition to the already in operation solar power branches- Wajir and Maasai Mara, where access to conventional power sources is often challenging. This initiative addresses access issues while embracing renewable energy solutions. Looking ahead, the Bank has set a target to solarise an additional 19 branches in 2025, reinforcing its commitment to clean energy adoption.



KCB Group migrated its primary data centre to another location heavily reliant on solar power.



Advancing Digital Banking

The 2024 Digital Banking Strategy reflects KCB Group's vision to go beyond convenience and promote progressive financial inclusion. The planned implementation of a new mobile banking platform, leveraging AI and machine learning models, aims to enhance customer security and combat fraudulent activities. The integration of multiple services via mini apps within the super-app demonstrates our commitment to providing a comprehensive and secure digital banking experience.

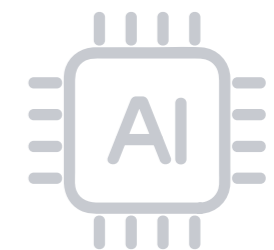


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Talent Development

The establishment of the Digital Talent Academy underscores our commitment to addressing the demand for digital talent, not only within the Bank but also within the broader market. This initiative reflects our proactive approach to nurturing talent and contributing to the development of a skilled digital workforce.



CyberSecurity Strategies



We have implemented a robust cybersecurity strategy to mitigate risks. We constantly measure and mitigate threats through continuous vulnerability management, security testing, preproduction security reviews, and penetration testing. Such measures ensure the security and resilience of our operations in the face of evolving cyber threats.



Cyber Intelligence and Security Operations Centre (CISOC)

The Group operates a Cyber Intelligence and Security Operations Centre that focuses on building detective controls within the group's ecosystem. This includes monitoring user activity, controlling privileged access, and detecting and remediating potentially harmful activities. With a dedicated team of 45 members, the CISOC provides 24/7/365 real-time monitoring capability to detect and respond to cybersecurity risks and incidents across the Group.



45 members

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Awareness Sessions

KCB Group conducts regular awareness sessions to keep staff apprised of emerging changes within cybersecurity. These sessions educate employees about their responsibility in securing the Bank and its customers from threat actors, fostering a culture of cybersecurity awareness.



Technology Safeguards

KCB Group has made significant investments in cybersecurity tools and technologies to ensure the protection of the Group's information and assets. These measures are crucial in today's digital landscape, where cyber threats are becoming increasingly sophisticated and prevalent.

One of the key cybersecurity measures implemented by the Group is the use of endpoint protection solutions. These solutions are designed to detect and respond to risks such as ransomware and other forms of malware. To further enhance security, the Group enforces network security controls. This includes the deployment and management of various capabilities such as internal and external firewalls, DDoS mitigation, web application firewalls, secure web gateways, network segmentation, and network detection and response. These controls are put in place to protect against cyber threats and ensure the integrity of the network.

Identity and privileged access management solutions are also utilized by the Group. These solutions, along with identity threat monitoring

One of the key cybersecurity measures implemented by the Group is the use of endpoint protection solutions.

and response capabilities, are employed to protect identities that are most at risk from targeted threat actors.

As cloud computing becomes increasingly prevalent, we have invested in tools and technologies to monitor and protect all cloud-based resources across the Group. These measures ensure the detection and defense against threats in cloud environments, safeguarding critical data and systems.

To maintain a proactive approach to cybersecurity, the Group utilizes a Security Events and Information Management (SIEM) platform, database activity monitoring solutions, and other monitoring tools. These tools enable the Group's Cybersecurity Operations Center (CISOC) to operate 24/7/365, monitoring and responding to security events in real-time.



Enhancing Digital Literacy

KCB Group is deeply committed to promoting digital literacy among both its staff and customers. Recognizing the transformative power of digital technology, the Group has implemented several initiatives to achieve this goal and ensure that everyone has the necessary skills to thrive in the digital era.

To equip its employees with the required digital skills, the Group has established an internal eLearning platform called Percipio. This platform provides access to a wide range of online courses, tutorials, and webinars, enabling employees to continually learn and stay updated with emerging technologies. In addition to staff training, KCB's Technology Division actively fosters a culture of experimentation and innovation. This culture encourages employees to explore new tools and technologies that can streamline processes and improve workflows.

The Group also actively participates in community forums organized by different stakeholders in the market. Through these collaborative efforts, the Group not only enhances its own digital literacy but also helps to uplift the digital capabilities of the wider community. Looking towards the future, KCB has ambitious plans to establish a Technology Digital Talent Academy in 2024. This academy will serve as a hub for accelerating learning and cultivating digital skills in the market.



Reviews & Enhancements

KCB Group is dedicated to fortifying its cybersecurity measures through various reviews and enhancements. These efforts are aimed at ensuring the security and protection of the Group's information and assets.

The Group has aligned its policy framework with the latest version of the ISO 27001 standard, which specifies the requirements for establishing and maintaining an Information Security Management System (ISMS). This alignment helps ensure that information security is integrated into organizational processes, systems, and controls, reducing vulnerability to cyber-attacks and safeguarding assets.

To address the evolving threat of password cracking, the Group has reviewed and enhanced its logical access standard. One of the measures implemented is increasing password lengths, which enhances the security of systems and mitigates the risk of unauthorized access.

The Group has developed minimum-security baseline standards tailored to address specific threats. These standards cover areas such as Application Programming Interface (API) security, incident management for ransomware, and mitigation of Distributed Denial of Service (DDoS) attacks. By implementing these standards, the Group strengthens its defenses against targeted cyber threats. Additionally, the Group conducts weekly vulnerability scans on both internal and external-facing digital assets. These scans help identify potential vulnerabilities, allowing for timely remediation and proactive security measures.

The Group has aligned its policy framework with the latest version of the ISO 27001 standard, which specifies the requirements for establishing and maintaining an Information Security Management System (ISMS).





Threat Measurement and Mitigation

KCB Group has implemented several robust processes to consistently measure, monitor, and mitigate cybersecurity threats. These processes are designed to ensure the integrity and security of the Group's systems and protect against potential cyber-attacks.

The Group conducts regular vulnerability scans and automated tests to identify potential weaknesses in its systems. This proactive approach allows the Group to promptly address vulnerabilities and ensure the integrity and security of its systems.

Regular security testing is performed to assess the integrity of the Group's systems, ensuring that they are resilient against potential threats. Additionally, robust patch management processes are in place to ensure that security

updates and fixes are promptly applied to mitigate any potential risks. This proactive approach to security testing and patch management enhances our ability to identify and address cybersecurity threats in a timely manner. Before implementing system changes, the Group conducts thorough security reviews to identify and address potential threats and vulnerabilities. This ensures that any changes made to the Group's systems do not compromise their security.

KCB Group schedules regular penetration testing for its production systems, including testing during the go-live phase and continuous testing to identify and address potential vulnerabilities. This proactive approach to penetration testing allows the Bank to assess the resilience of its systems against potential cyber threats and ensure that any vulnerabilities are promptly mitigated.

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Digital Innovation



KCB Bank Kenya has made substantial investments in digital technology in the last year. Noteworthy projects like KCB mobi, KCB M-Pesa, customer relationship management systems, and KCB internet banking have been pivotal in this growth. These investments have not only boosted the volume of banking transactions by over 99% but have also enhanced operational efficiency and service delivery to customers, a great leap compared to last year's performances.

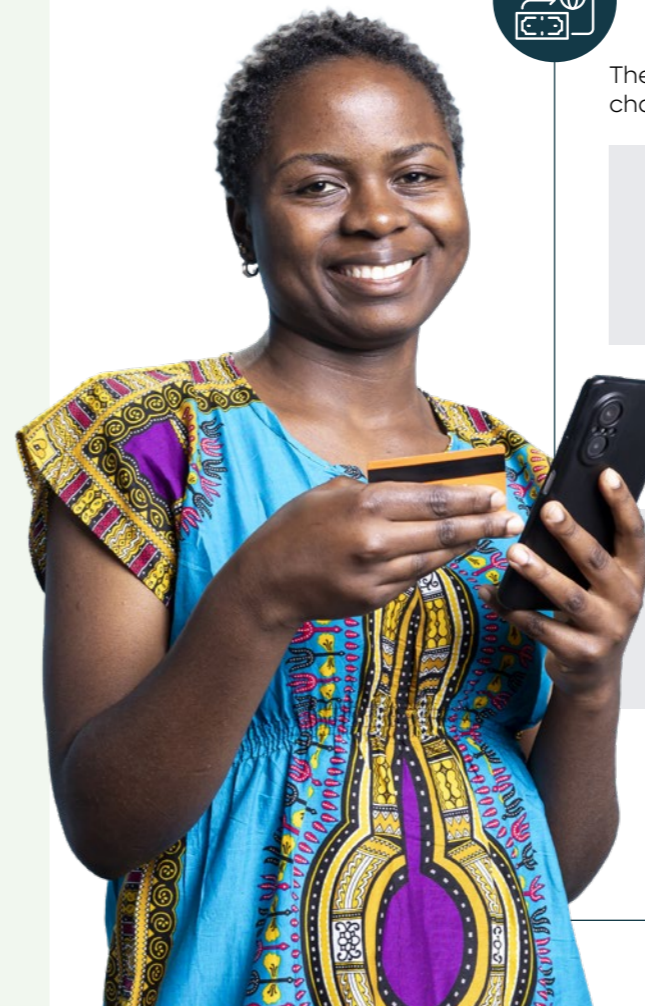
TMB Bank's Pepele Mobile service continues to lead as the foremost mobile banking solution in the DRC. With over one million Pepele Mobile accounts, we have surpassed the entire account base of nearly every commercial bank operating in the DRC.

Pepele Mobile has revolutionised banking by providing convenient and secure access to financial services through mobile devices. This user-friendly platform has empowered millions with the ability to conduct various

banking transactions, such as fund transfers, bill payments, and balance inquiries, anytime and anywhere.

In 2023, KCB Bank Burundi experienced significant progress in digitisation efforts, contributing to substantial growth in digital financial services (DFS). The continued deepening of digital channels has enhanced convenience for customers, driving notable uptake of digital products.

TMB Bank's Pepele Mobile service continues to lead as the foremost mobile banking solution in the DRC. With over one million Pepele Mobile accounts, we have surpassed the entire account base of nearly every commercial bank operating in the DRC.



The performance of the DFS in 2023 has been commendable, characterised by double-digit growth across key metrics.

10% Transaction numbers increased by 10%, indicating a growing trend of customer engagement with digital platforms.

30% Transaction values surged by 30%, reflecting increased activity and utilisation of digital channels for financial transactions.

42% Revenues and commissions saw an impressive growth of 42%, underscoring the financial viability and profitability of digital services for the bank.

34% Due to activation campaigns conducted at the close of 2022, there was a significant spike in the mobile banking active base, which surged from 20% to 34% year-on-year.



1.4 million

In partnership with the largest telecommunications company, MTN, we introduced MTN MoPesa, a digital lending and savings product. This collaboration has attracted 1.4 million customers who have opted into this service.

451,809 loans

As a result, an impressive 451,809 loans have been disbursed, totalling KShs. 4.16 billion in deposits and KShs.3.79 billion in withdrawals.

KCB Bank Uganda has made significant strides in product development to better serve its customers, and in 2023, the bank saw 92% of all transactions being conducted through its digital platform.

Agency Banking, which provides an interoperable platform for customers, was enhanced with a smart application that offers advanced features such as seamless account opening. This innovation has made banking more convenient and efficient for KCB customers.

We partnered with Airtel Super Saver, an interest-bearing savings platform that allows customers to save digitally by simply dialling 1857*9#. This service is available to all Airtel customers, providing them with a hassle-free way to save and grow their finances.

In partnership with the largest telecommunications company, MTN, we introduced MTN MoPesa, a digital lending and savings product. This collaboration has attracted 1.4 million customers who have opted into this

service. As a result, an impressive 451,809 loans have been disbursed, totalling KShs. 4.16 billion in deposits and KShs.3.79 billion in withdrawals. Since its inception, a total of KShs. 64 billion has been disbursed, with KShs.30.7 billion successfully recovered.

To further support their customers, the bank has introduced KCB Pay, a cashless channel designed to facilitate seamless collections and provide instant settlement to customers who collect funds. This innovative solution has streamlined the collection process, ensuring a smooth and efficient experience for both customers and the bank.



92%

KCB Bank Uganda has made significant strides in product development to better serve its customers, and in 2023, the bank saw 92% of all transactions being conducted through its digital platform.

Agency Banking, which provides an interoperable platform for customers, was enhanced with a smart application that offers advanced features such as seamless account opening. This innovation has made banking more convenient and efficient for KCB customers.



Materiality

Operational Excellence

Operational Excellence focuses on achieving superior performance and efficiency in the Group's operations. Processes are optimised and continuously improved to deliver value to customers and respective stakeholders. By focusing on governance, risk management, responsible sourcing and technology, we are able to achieve sustainable growth. Implementing operational excellence practices can position the Group as a leader in the industry and drive long-term success.

Governance Framework



Operational Excellence is domiciled under the KCB Group Shared Services Division (GSSD) and comprises seven centres of excellence, which include:

- ⊕ Customer and Product Management
- ⊕ Payments
- ⊕ Reconciliation and Governance
- ⊕ Business Process Re-engineering
- ⊕ Supply Chain
- ⊕ Facilities and Property Management
- ⊕ Corporate Security

These seven centres consolidate their synergies to better serve the business's operations by maximising efficiencies, improving productivity, reducing costs, ensuring nil operational losses, and minimising fraudulent activities to enable higher value service delivery.

To ensure continuous improvement and maintain high operational efficiency, unit heads are tasked to regularly check the pulse of operations through weekly GSSD status report engagements. In these engagements, focus is maintained on productivity, cost savings, and controls to ensure operational losses are minimised. The unit heads also review weekly deliverables such as SLAs, KPIs, and TAT projects that aim to improve efficiencies. The Division reports to several boards and committees: Quarterly reports are submitted to the Strategy Board Review, while monthly reports are submitted to Exco. At the same time, it presents Suspension Analysis risks to the Group Risk Compliance Committee (GORCCO) and submits quarterly reports on procurement activities to the Group HR Nominations and Procurement Committee.

The Group places utmost importance on ensuring transparency, accountability and ethical behaviour in its day-to-day operations within and outside the

organisation. It is committed to operating with the highest level of integrity and ethical conduct and has zero tolerance for unethical behaviour. We have implemented several processes and policies to ensure a shared obligation to be ethical, honest, and accountable. These include:

- ➔ KCB Group established dedicated committees to oversee operational excellence within our organisation. These committees, including the GMC and Board, review progress and performance on an annual basis through a structured targets cascade process. This allows for comprehensive evaluation and alignment of operational goals.
- ➔ Furthermore, the Unit Heads of our Shared Services department provide ongoing oversight of operational efficiency and continuous improvement efforts. They engage in weekly GSSD report engagements, where key deliverables such as Service Level Agreements (SLAs), Key Performance Indicators (KPIs), and Turnaround Time (TAT) metrics are reviewed. This regular engagement ensures that operational performance is consistently monitored and optimised.

Enhancing Quality and Compliance



To ensure we keenly monitor progress towards achieving operational excellence, we have set measures to accurately evaluate and provide insights into everything, from transactions to customer service.

The Division, which relies on its risk management framework, adheres to internal policies and procedures, and internal and external laws and regulations to enhance the quality of operations.

Controls like the maker-checker have been implemented to minimise losses resulting from process failure and human error. Additionally, all transactions are monitored to ensure no suspicious activities are undertaken or account takeovers.

We ensure that quality closure of issues is tracked for the departments under GSSD and management of the Suspense Account to guarantee there aren't ageing items sitting in the accounts. However, there is centralised reconciliation.

We support the Group's subsidiaries and ensure that customer journeys and standard operating procedures are harmonised and standardised across the board. The Division also conducts supply checks through controls and governance, focusing on control lapses, omissions, and inadequacies and tracking implementation of the recommendations.



Sustainable Sourcing



and addresses compliance with legal requirements in the markets we operate in, fairness and recognition of diversity and sustainability in the sourcing processes.

By the end of 2023, the Group had increased the number of suppliers from 53% in 2022 to 81.3% who adhere to the Supplier Code of Conduct with efforts being made to have complete compliance by 2024. The Code also helped to improve Know-Your-Client (KYC) verifications as well as service delivery, which is done through quarterly supplier performance reviews.

Looking ahead to 2024, the Group will set aside 30% of the annual procurement budget for Special Interest Groups (SIGs). This progressive initiative aims to empower and uplift various marginalised communities. Notably, in 2023, the Bank allotted KShs. 800 million to SIGs, which included women, youth, small and medium enterprises (SMEs), and the differently abled. This strategic investment reflects the Group's unwavering commitment to fostering a more equitable and inclusive society.

The Group is cognisant of the fact that not all its suppliers can meet the ESG practices and expectations. Therefore, it reviews and assesses the suppliers under three categories: Category A—high risk, Category B—medium risk, and Category C—low risk. High-risk suppliers are subjected to on-site audits followed by a remediation process. Supplier performance reviews are also conducted to ensure that the suppliers engaged do not negatively impact the environment.



32

suppliers were assessed for ESG factors and later onboarded in 2023.



KShs. 800 million

the amount allotted to SIGs, by the Bank, which included women, youth, small and medium enterprises (SMEs), and the differently abled, in 2023.

We evaluate and qualify our suppliers based on compliance with our Environmental, Social, and Governance (ESG) framework. Suppliers are expected to meet various metrics. The Group's screening criteria focus on the green agenda, waste management, pollution prevention, environmental and regulatory compliance, social and labour issues, and grievance mechanisms for employees, community workers, and unions.

In 2023, 32 suppliers were assessed for ESG factors and later onboarded. In 2024, the Bank will screen the top 20 spenders, and this exercise is expected to be completed

by the end of March. Our Supply Chain Code of Conduct, which was rolled out in 2022, defines our requirements for suppliers. These include responsible business conduct and responsibility towards the communities where they operate. The supply chain policy applies to all our subsidiaries



Driving Operational Excellence



Operational Excellence integrates risk mitigation into the overall risk management processes to achieve exceptional performance and efficiency in the Group's operations. By optimising and continuously improving the processes helps us deliver value to customers and stakeholders, making risk mitigation a crucial aspect of success.

Mechanisms to drive operational excellence

Our Standard Operating Procedures (SOPs) are regularly reviewed every three years or earlier, depending on market changes, new products, or new regulations. These SOPs are re-engineered to accommodate changes in technology, customer needs and preferences, regulatory requirements, and best practices. Mechanisms have also been implemented to help identify gaps and pain points for process or SOP reviews or re-designs.

These include customer insights from Customer Excellence, dashboards and reporting, survey reports from Strategy and Marketing, regular internal audit findings for various Bank units, and regular internal staff engagements. However, processes are in place to address potential risks in instances of operational disruptions. These include a business continuity plan, a Crisis Management Team (CMT) chaired by the Group Shared Service Director, and internal and external policies.

The Group Shared Services Division (GSSD) adheres to internal and external regulations to ensure the Bank does not compromise regulatory requirements. Some of the internal regulations it adheres to include SOPs, internal circulars, Service Level Agreements (SLAs) and

The GSSD maintains and relies on its Risk Management Framework. It is also compliant with external players like the Kenya Bankers Association of Kenya (KBA), the Central Bank of Kenya (CBK) and the Data Protection Act to ensure guidelines from the Data Protection Commission are adhered to

closing on audit findings to ensure compliance. Units under GSSD may be audited yearly or every two years, depending on the nature of their work.

The GSSD maintains and relies on its Risk Management Framework. It is also compliant with external players like the Kenya Bankers Association of Kenya (KBA), the Central Bank of Kenya (CBK) and the Data Protection Act to ensure guidelines from the Data Protection Commission are adhered to. It is also aligned with the Retirement Benefits Authority (RBA) guidelines and Capital Markets Authority as the Bank runs custody of funds. Since KCB trades through the Treasury office, it is also aligned with CDSE.

Integration into overall risk management processes



We ensure the integration of risk management processes within the GSSD to effectively identify, assess, and mitigate risks. By incorporating risk management as an integral part of GSSD operations, we minimise the likelihood and impact of potential risks, ensuring the Division's ability to support the Bank's overall risk management framework.

The organisation emphasises adherence to internal regulations within the GSSD, including SOPs, internal policies, circulars, and Service Level Agreements (SLAs). These internal regulations provide clear guidelines for GSSD operations, ensuring consistency, efficiency, and compliance with internal organisational standards.

KCB Group places significant importance on adherence to external regulations governing the financial industry. This includes compliance with regulations from regulatory bodies such as KBA, CBK, Prudential Guidelines, Data Protection Commission, Retirement Benefits Authority (RBA), Capital Markets Authority (CMA), Central Depository and Settlement Corporation (CDSC),

and Card Schemes. Adhering to these regulations ensures the GSSD's compliance with legal requirements and maintains our reputation as a responsible and compliant financial institution.

We have established a robust Risk Management Framework specifically designed for the GSSD. This framework ensures that risk identification, assessment, and mitigation are carried out systematically and consistently across GSSD operations. By adhering to this framework, the GSSD effectively manages risks, enhances decision-making processes, and supports the Bank's overall risk management objectives.

We are committed to adopting best practices within the GSSD and continuously improving operational efficiency and effectiveness. By benchmarking against industry standards and embracing innovative practices, the GSSD ensures that its operations remain at the forefront of industry trends, contributing to the bank's reputation as a leader in operational excellence.

Continuous Improvement

We strive to cultivate a genuine culture of continuous improvement and innovation, which is integrated into the organisation's daily activities. We believe the Bank can foster a continuous improvement culture through employee engagement and commitment from the management. We do this by encouraging ideas, sharing and testing improvements within the process's framework. We also re-work good ideas that can be implemented.

Additionally, we subject our SOPs to regular reviews through stakeholder engagements and research to ensure they are aligned with regulatory guidelines and that day-to-day operations run smoothly, leveraging technology.

Employees are engaged at a functional level where they are encouraged to share their ideas, which are collected. Additionally, they suggest areas of improvement within the business. In 2023, during GSSD meetings at the divisional level, ideas from the various functions were shared, and those that did not require capital investment were implemented. Those that require a budget will be implemented in 2024.

During the period under review, we implemented several brilliant ideas from our staff. One, which included improving salary processing from three days to 35 minutes, was shared by a clerk in the company. KCB customers now receive notifications when their accounts are debited or credited, thanks to an idea by a junior staff member who suggested the use of the T24 module.

These ideas, which are picked up as projects, are tested through a change management process, and GSSD works alongside the Technology Division to deliver the automation. If a project is picked, it will go through internal testing. If successful, it will be sent to the Change Advisory Board for approval and later deployed to production. The project's performance is also monitored after implementation.



Technology and Innovation



The GSSD continues to leverage technology and innovation to bring value to the business, keep costs down and improve and optimise services. During the period under review, the Division onboarded a Business Process Manager (BPM) to optimise and automate processes from start to finish, i.e. from workflow automation to electronic document management. The Bank achieved significant milestones towards process standardisation with KCB Kenya, NBK and KCB Uganda.

Over 40 customer journeys were automated, which eliminated paper movement and improved TAT (Turn Around Time). The Division also digitised its data capture for personal and joint accounts, meaning the Bank no longer prints paper for account opening.

We implemented robotic process automation to eliminate labour-intensive manual processes, resulting in the automation of over 60 processes on both UiPath and Microsoft platforms. These automations have significantly streamlined bank operations, leading to improved efficiencies and reduced turnaround time in process execution.

To improve efficiencies in our operations, we automated manual reconciliations, validation checks and monitoring of transactions, account opening workflow, back-end processes to reduce handoffs and performance dashboards to aid in decision-making.

Over 40 customer journeys were automated, which eliminated paper movement and improved TAT (Turn Around Time).

Case Study

KCB Commissions a 2nd Solar Photovoltaic Hybrid Power Installation In Its Network

KCB Bank Kenya Limited has commissioned its 2nd Solar Photo-Voltaic Hybrid powered branch in Kenya. On the heels of the KCB Maasai Mara branch, the KCB Wajir branch is also entirely directly supported by the sun during the day, and alternative power generation, either KPLC Utility or Diesel run stand-by generator at night or during cloudy moments.

The installation of a photovoltaic hybrid system was a solution conceptualised to address a myriad of power challenges experienced in the North Eastern town since it is not covered by the national grid. The town is supported by a KPLC off-grid power station, which runs on diesel-powered generators, hence experiencing long power outages due to power rationing; this necessitates the branch to run on a generator for 18-21 hours every day.

In the past, the branch has experienced system downtime as a result of the failure of the utility company generators owing to the long-running hours, high Opex cost due to fuel purchase and maintenance of the generators and reputational risk as a result of service outage.

The Wajir branch installation comprises a 34.8kWh Solar PV module system with a 35kWh energy storage, KPLC grid and 2 backup generators of 60kVA each. With the solar PV installation, the branch runs fully on power generated by the solar system during the day and on battery storage at night, with the grid and generators being standby backup.



Wajir Solar Panel Installation and handover session.

It is estimated that the bank will realise an annual cost saving of KShs. 3.1 million from the different power bills and generator fuel cost. The project will also provide operational efficiency by ensuring that power is available to the branch even when there is rationing, and customers can get services at the branch.

This project is in line with the KCB's sustainability agenda and two of the 14 SDGs adopted by the bank – SDG 9: Industry, Innovation and Infrastructure and SDG 13: Climate Action. It is estimated that the project will reduce diesel consumption by approximately 20,000 litres annually, translating into a reduction of 54 tonnes of carbon dioxide emission, equivalent to planting and growing 2,500 indigenous trees. This is a major step in reducing the bank's carbon footprint.



Materiality

Regulatory Compliance

Regulatory compliance is a cornerstone of KCB's sustainability strategy, ensuring that the Bank operates responsibly, ethically, and in accordance with applicable laws and regulations. As a leading financial institution in East Africa, the Group recognises the importance of compliance in maintaining the trust of stakeholders, safeguarding the interests of customers, and contributing to the stability and integrity of the financial system.

Compliance with regulations is essential as it's been able to help us uphold our licence to operate, maintain the trust of customers and investors, and mitigate the risk of legal and reputational harm. Regulatory requirements encompass a wide range of areas, including financial reporting, data protection, anti-money laundering (AML), customer due diligence (CDD), and environmental, social, and governance (ESG) standards.

Regulatory Landscape and Challenges

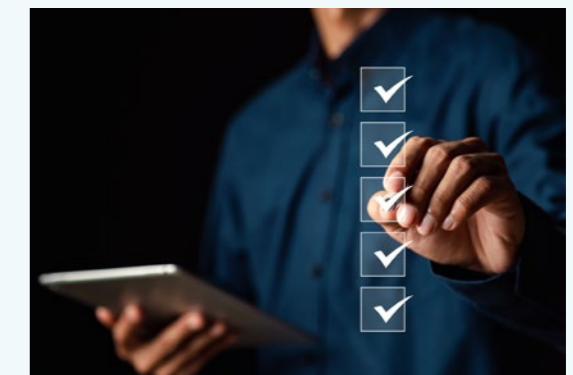


The regulatory landscape in East Africa is dynamic and evolving, with new laws, regulations, and guidelines being introduced regularly. KCB operates in multiple jurisdictions, each with its own regulatory requirements, posing challenges in ensuring compliance across diverse markets. Moreover, regulatory expectations are becoming increasingly stringent, with regulators placing greater emphasis on accountability, transparency, and ESG considerations. Keeping pace with these regulatory changes and meeting compliance obligations requires significant resources, expertise, and investment in technology and infrastructure.

Compliance Framework and Governance



Despite the challenges, we have a robust compliance framework and governance structure that ensures we adhere to regulatory requirements across our operations. The framework encompasses policies, procedures, and controls designed to identify, assess, monitor, and mitigate compliance risks effectively. At the helm of this framework is the Board of Directors, which sets the tone for compliance and oversees the Bank's overall compliance posture. The Board is supported by dedicated committees, including the Risk Committee and Audit Committee, which provide oversight of compliance-related matters.



Compliance Initiatives and Strategies



Annually, KCB releases its sustainability report, ensuring compliance with the local regulations stipulated by the NSE for all listed companies. In financing diverse products, KCB's activities adhere to the IFC exclusion and performance standards. Furthermore, the Central Bank of Kenya mandates disclosure guidelines concerning climate-related information, prompting KCB to conduct quarterly reports that are promptly submitted to the CBK.

In response to the evolving regulatory landscape, KCB has implemented various initiatives and strategies to enhance compliance effectiveness and resilience. These include:

- 1 Proactive Regulatory Monitoring:** KCB continuously monitors regulatory developments at local, regional, and global levels to stay ahead of emerging requirements and regulatory expectations. By proactively identifying regulatory changes, we have been able to review our policies, procedures, and controls, accordingly, minimising the risk of non-compliance. In 2023, we automated our ESDD process to enhance the efficiency of our risk assessment for our various projects.
- 2 Investment in Compliance Systems and Controls:** We invest in robust compliance systems and controls to streamline processes, enhance monitoring capabilities, and strengthen risk management practices. These systems enable the Bank to automate compliance tasks, improve data analytics and reporting, and ensure timely detection and mitigation of compliance risks.
- 3 Capacity Building and Training:** We have been prioritising capacity building and training to equip employees with the knowledge, skills, and competencies needed to navigate complex regulatory requirements effectively. Training programmes cover a wide range of topics, including regulatory compliance, ethics, AML/CFT, data protection, and ESG standards, ensuring that employees are well-equipped to fulfil their compliance responsibilities. We utilise a digital learning platform for broader ESG awareness and have prioritised capacity building, aiming to train 3,500 employees on various sustainability issues.
- 4 Stakeholder Engagement:** KCB actively engages with regulators, industry associations, civil society organisations, and other stakeholders to foster dialogue, collaboration, and knowledge sharing on regulatory matters. By maintaining open and transparent communication channels with regulators and stakeholders, the Bank seeks to build trust, address concerns, and promote best practices in compliance.
- 5 Risk-based Approach to Compliance:** KCB adopts a risk-based approach to compliance, prioritising resources and efforts based on the severity and likelihood of compliance risks. By focusing on high-risk areas and activities, the Bank can allocate resources more effectively, mitigate risks proactively, and ensure compliance with regulatory requirements.

Achievements and Performance



Despite operating in a challenging regulatory environment, KCB successfully avoided any regulatory breaches or fines during the reporting period, demonstrating the effectiveness of its compliance efforts.

The Group invested in upgrading its compliance systems and controls, enhancing monitoring capabilities, and improving data analytics and reporting functionalities.

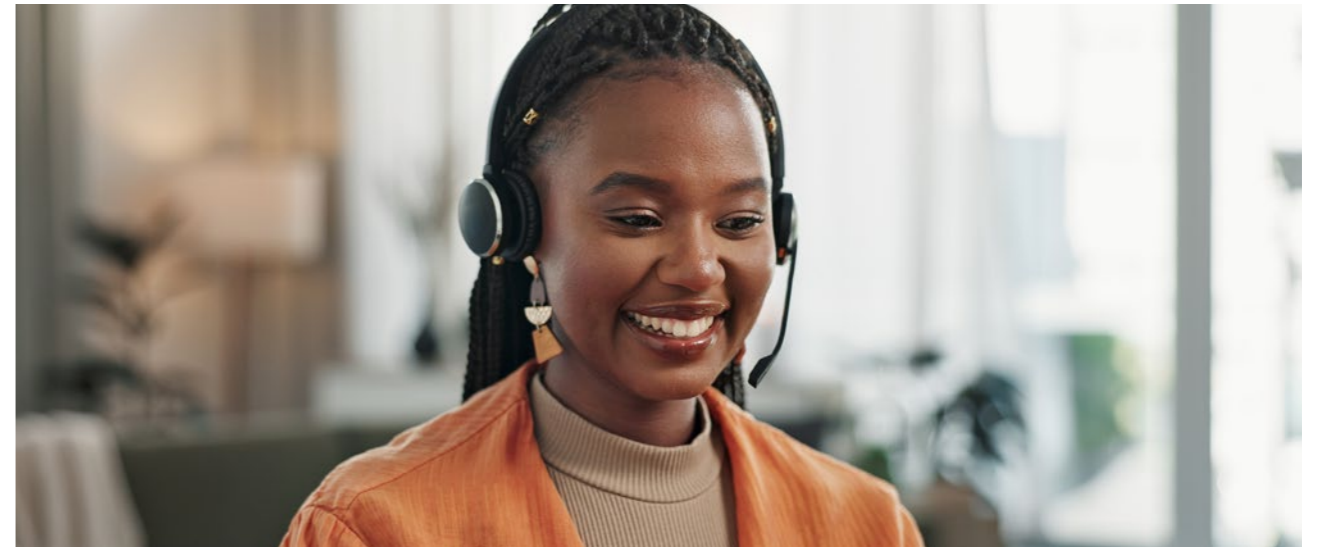
Future Directions and Outlook



Looking ahead, the Group remains committed to maintaining high standards of regulatory compliance and governance as part of its sustainability strategy. The Bank will continue to invest in compliance systems and controls, capacity building and training, stakeholder engagement, and risk-based approaches to compliance. By prioritising regulatory compliance and ethical conduct, KCB aims to uphold its reputation as a trusted and responsible financial institution, contributing to the long-term sustainability and success of the organisation and the communities it serves.

Stakeholder Engagement

Fostering enduring relationships amid evolving priorities is paramount to our mission. Our core stakeholders, including investors, customers, employees, communities, regulators, and policymakers, play pivotal roles in shaping and are impacted by our strategic decisions.



We are committed to engaging proactively with these stakeholders, understanding their needs and expectations, and collaborating closely to navigate shifting landscapes while upholding our commitment to sustainability and responsible business practices. By prioritising transparent communication, mutual respect, and shared value creation, we strive to cultivate trust, resilience, and mutual prosperity in our interactions with all stakeholders.

Customers

How did we engage?

- Email
- In-branch interaction
- Video conferencing
- Surveys
- Feedback platforms
- Phone calls
- SMS
- In-person engagements
- Surveys
- Reports

What are the key topics raised & subsequent feedback received?

What is the Bank's appetite for sustainable lending?

Will sustainable lending be provided at lower interest rates?

Additional support is required in branches on credit facilities available and investment products.

How can you speed up complaint resolutions?

Why should I go beyond pure compliance regarding ESG risk management?

What is the benefit to the business in doing so?

How did we respond?

Sustainable lending, as defined by KCB, was communicated to customers, including the benefits of utilising these solutions.

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.

Analysts were deployed to branches on weekends to support clients to support the business with queries.

The Bank deployed automated robotic procedures to speed up enquiries and complaints resolutions.

Doing so will build levels of resilience and enhance the level of access you have to financial solutions.

Employees

How did we engage?

- E-mail
- Face-to-face interactions
- Video conferencing
- Surveys
- Phone calls
- Messages
- Newsletters
- Internal platforms

What are the key topics raised & subsequent feedback received?

We need a better understanding of deploying sustainable lending products being launched into the market.

We need more training to understand how to respond to ESG risks, specifically climate risk screening, to protect the customer and the business.

With the poor economic conditions in the market and inflationary pressures, there are concerns there may be job cuts at the Bank.

How did we respond?

The training was provided to staff on the updated Environmental and Social Due Diligence (ESDD) process and the use of a new toolkit to assess risks on projects. Employees also received training on various ESG aspects during the year.

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.

Suppliers

How did we engage?

- Face-to-face meetings
- E-mail
- Organised conferences
- Surveys
- Correspondences (invoices, LPOs, memos), topical forums (e.g. changes in tax)

What are the key topics raised & subsequent feedback received?

How can you speed up payment to your suppliers?

How did we respond?

We are automating processes to streamline the payment processes for our suppliers.

Investors

How did we engage?

- E-mail
- Newsletters
- Investor briefings
- Email
- Reports, presentations and letters
- Conferences
- Information/notices
- Senior management meetings and calls
- Participation in conferences
- Roadshows

What are the key topics raised & subsequent feedback received?

Are we onboarding the right type of customers?

How can we better manage our nonperforming loan book?

How effective is the Bank's risk management through a monitoring approach?

How did we respond?

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.

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 pay back their loans over time.

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.

Business Partners & Collaborators

How did we engage?

- In-person meetings
- Reports
- Organised conferences
- Video conferencing
- Surveys
- E-mail

What are the key topics raised & subsequent feedback received?

How can we help you innovate your processes?

How did we respond?

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.

Regulators & Policymakers

How did we engage?

- Correspondences (letters, memos), topical forums (e.g. changes in tax)
- Reports
- Face-to-face meetings
- Phone calls
- Organised meetings/ conferences

What are the key topics raised & subsequent feedback received?

Are you remaining customercentric and responsive to the customer's needs?

Can you increase response time on complaints, and are you addressing all the complaints being raised?

How are you responding to the climate risk framework disclosures requested of the business?






How did we respond?

Our products are designed with the needs of our customers in mind. We engage our customers regularly and use the feedback received to improve the products and services we offer.

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.

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.

Value Created for Stakeholders

Stakeholders	Value Created
 Employees	➔ KShs. 38.47 Bn paid to employees as salaries and other incentives
 Governments	➔ KShs. 11 Bn tax expense
 Customers	➔ KShs. 1.69 Tn received as deposits
 Suppliers	➔ KShs. 12.3 Bn paid to both local and international suppliers
 Shareholders	➔ KShs. 6.426 Bn paid to shareholders in in 2022. No dividend was paid for 2023



Our Tax Approach

Tax Transparency



The KCB Group Tax Strategy & Tax Risk Management Policy is a comprehensive framework that guides the management and control of tax risks across the KCB Group Plc. The policy serves as the Group's Tax Control Framework, aiming to enhance corporate tax management, tax transparency, and balance the interests of various stakeholders.

The policy ensures that the correct amount of tax is paid at the right time and in the country where the value from business transactions is derived. It applies to the entire KCB Group, and all staff members are expected to adhere to it. Any exclusions to this policy must be approved by the Group Audit and Risk Committee.

The policy outlines several key tax policy principles, including strategic objectives, accountability and governance, compliance, business structure, relationship with authorities, seeking and accepting tax incentives, supporting effective tax systems, and tax function and tax risk management.

The policy also outlines the roles and responsibilities of various entities within the KCB Group, including the KCB Group Plc Board, the KCB Group Plc Board Audit & Risk Committee, the KCB Group Chief Executive Officer, Subsidiary Boards, Subsidiaries' Managing Directors, KCB Group Finance Director, Group Chief Risk Director, and Group Audit Director.

The KCB Group Board assumes a crucial role in ensuring effective tax management and governance within the organisation. It bears the responsibility of overseeing all tax-related matters, including the accurate reporting of income tax expenses, and the proactive management of tax risk.

Any staff member found to have violated this policy will be subject to the Group's established disciplinary actions. Various tax related procedures and documents, including the Task Risk Management Framework guidelines support the policy.

The KCB Group Board assumes a crucial role in ensuring effective tax management and governance within the organisation. It bears the responsibility of overseeing all tax-related matters, including the accurate reporting of income tax expenses, and the proactive management of tax risk. To fulfil this responsibility, the Board delegates its authority to the Group Audit and Risk Committee, which serves as a specialised body focused on tax matters.



Board Role in Tax Management

The Group Audit and Risk Committee plays a vital role in maintaining robust tax governance standards. It is entrusted with the approval of the Group's comprehensive tax strategy and governance framework, which guides our approach to tax matters across the organisation. By exercising this oversight function, the Committee ensures that our tax practices align with relevant laws, regulations, and industry best practices.

Through its strategic guidance and direction, the Group Audit and Risk Committee contributes to the establishment of a tax-conscious culture within KCB Group. This involves fostering responsible tax practices, managing tax-related risks effectively, and promoting transparency and compliance in all tax-related activities. By working closely with management and other stakeholders, the Committee ensures that KCB Group upholds



the highest standards of tax management and governance, ultimately safeguarding the Group's reputation and financial well-being.

Tax Impact and Contribution



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



Compliance: Through our unwavering commitment to ethical outcomes and accurate, transparent, and timely compliance with tax laws, KCB Group strives to be a responsible corporate citizen. We continuously monitor and assess our tax compliance practices to ensure that they remain aligned with evolving regulations and best industry practices. Our aim is to foster a culture of integrity and compliance, not only within our organisation but also within the broader business community.



Shareholder value: We strive to maximise sustainable shareholder value by engaging in legitimate and responsible tax optimisation practices that align with the intended purpose and spirit of complying with all applicable laws, rules, and regulations.



Tax planning: We prioritise engaging in transactions that have both commercial and economic value while also ensuring that they hold substantial shared value. Furthermore, we carefully assess each transaction to minimise the potential for significant reputational risks.



Prevention of facilitation of tax evasion: The Group maintains a zero-tolerance policy towards any form of bribery, corruption, or facilitation of tax evasion, whether committed by its employees, any individual or entity representing the Group's interests.



The Group's engagement with tax authorities: In 2023, KCB Group approached tax matters in Kenya with a commitment to transparency, cooperation, and compliance with the tax laws of the country. Here are some key aspects of KCB's approach to tax in Kenya in 2023:

Engagement with tax authorities: KCB Group actively engaged in continuous dialogues with tax authorities to facilitate open and early discussions on relevant tax matters. These engagements aimed to achieve clarity and certainty regarding tax positions, fostering a cooperative relationship with tax authorities.

Participation in workshops: KCB Group participated in workshops facilitated by regulators and industry players to engage in policy discussions and contribute to technical amendments to tax laws. This active involvement demonstrated KCB's commitment to shaping a fair and efficient tax landscape in Kenya.



Compliance with tax changes: KCB Group ensured compliance with tax changes introduced in 2023. The Finance Act 2023, which contained key tax amendments, was signed into law in June 2023. KCB Group adapted its tax practices to align with the new legislation.

Group Tax Contributions



Tax Expense

2022
KShs. 16.5 billion

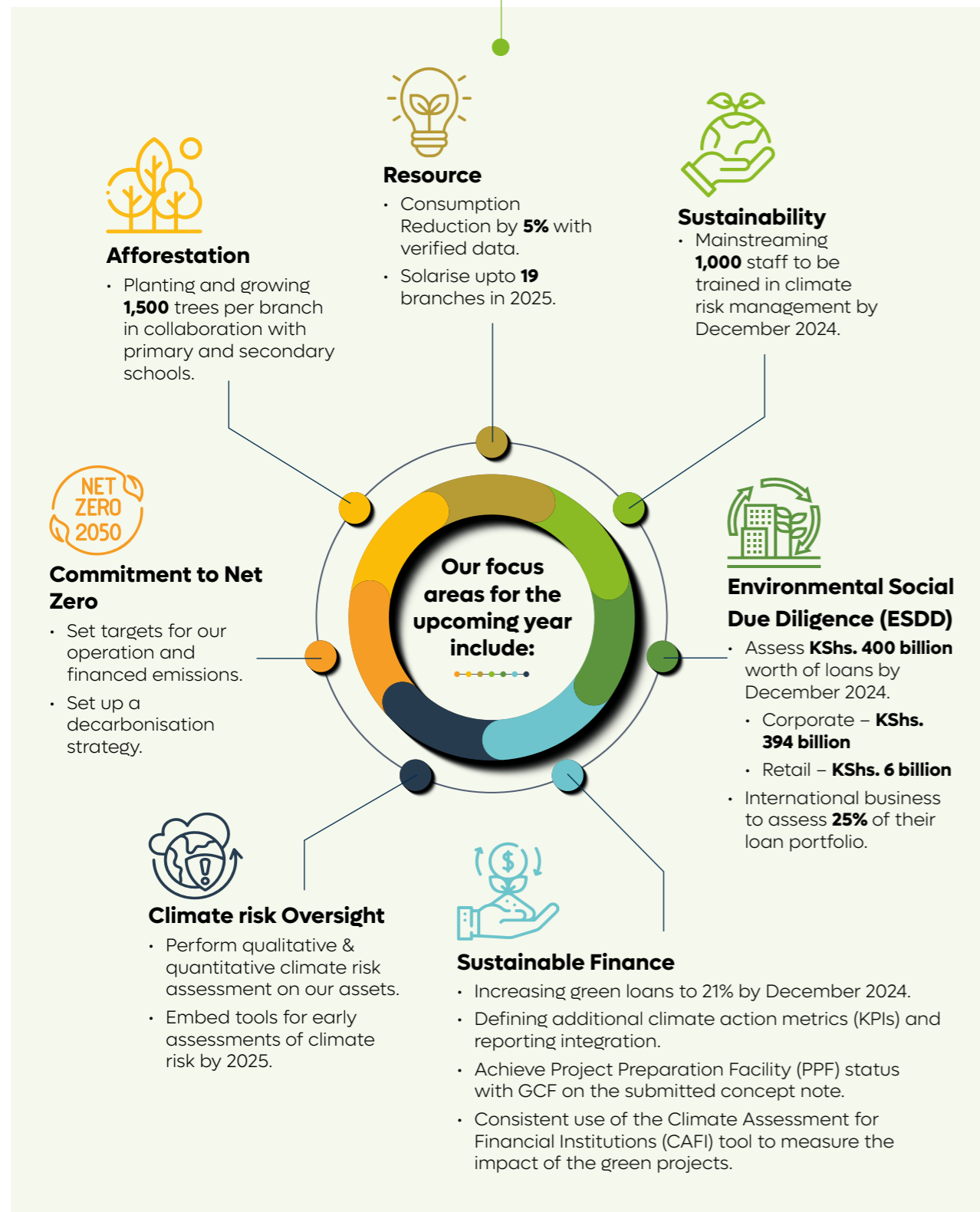
2023
KShs. 11 billion

Looking Forward



2024 ESG Outlook

Looking ahead to 2024, KCB Group is committed to advancing its Environmental, Social, and Governance (ESG) agenda to drive sustainable business practices and positive impact across our operations.



Appendices

Appendix A: Limited Assurance Report



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Independent Assurance Practitioner’s Limited Assurance Report on Selected Key Performance Indicators

To the Directors of KCB Group

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Sustainability Report 2023 of KCB Group (“KCB”) for the year ended 2023 (the Report). This engagement was conducted by a multidisciplinary team including assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with an “LA” on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with the relevant KPI definitions as set out in Appendix B of the Report (“reporting criteria”). The detailed reporting guidelines are available on request.

Human Capital Key Performance Indicators	Unit of measurement	Boundary	Page number
Number of employees who completed the anti-money laundering course in the year	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Number of employees who signed the Staff Declaration forms in the year	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Percentage of employees who completed the ethics e-learning course in the year	Percentage	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Number of new permanent and pensionable employees at year end	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Number of male permanent and pensionable employees at year end	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Number of female permanent and pensionable employees at year end	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Total number of full-time equivalent (FTE) group employees at year end	Number	KCB Group excluding Trust Merchant Bank, SA	6 – 7
Number of full-time equivalent (FTE) group employees belonging to a union at year end (Kenya)	Number	KCB Bank Kenya Limited	6 – 7
Percentage composition of women on the KCB Group Board at year end	Percentage	KCB Group	6 – 7



Partners: D.M. Mbogho; A.N. Muraya; F. O. Aloo; B.W. Irungu; I. Karim; F. Okwiri; F.O Omondi; F. Mitambo; P. Seroney; D. Waweru; C Luo; E. Harunani; J. Mureithi.

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Economic Key Performance Indicators	Unit of measurement	Boundary	Page number
Value of KCB Mpesa Loans disbursed in the year	Kenyan Shilling	KCB Group	6 – 7
Number of Mobi Loans disbursed in the year	Number	KCB Bank Kenya Limited	6 – 7
Social Key Performance Indicators	Unit of measurement	Boundary	Page number
Number of female student beneficiaries under the Scholarship Programme in the year	Number	KCB Group	6 – 7
Number of male student beneficiaries under the Scholarship Programme in the year	Number	KCB Group	6 – 7
Number of Females who participated in the 2jjajiri Program training in the year	Number	KCB Group	6 – 7
Number of Males who participated in the 2jjajiri Program training in the year	Number	KCB Group	6 – 7
Number of LPG implementation grants awarded in the year	Number	KCB Group	6 – 7

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of KCB Group's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Performed a walkthrough of the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria; and
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at KCB Group.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether KCB Group's selected KPIs have been prepared, in all material respects, in accordance with the accompanying KCB Group's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

No assurance procedures were performed on the previous sustainability report. The information relating to the prior reporting periods has not been subject to assurance procedures.

The maintenance and integrity of the KCB Group's website is the responsibility of KCB Group's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on KCB Group's website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of KCB Group in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than KCB Group, for our work, for this report, or for the conclusion we have reached.

The engagement partner responsible for the independent assurance engagement resulting in this independent limited assurance report is CPA **Charles Munkonge Luo**, Practising certificate **No. 2294**.

Deloitte & Touche LLP

For and on behalf of Deloitte & Touche LLP
 Certified Public Accountants (Kenya)
 Nairobi

20 August 2024

Appendices

Appendix B: KPI Definitions

Human Capital	Definition	Unit of measurement
Number of employees who completed the anti-money laundering course in the year	Full-time and part-time KCB Group employees who completed the annual anti-money laundering course within the reporting year.	Number
Number of employees who signed the Staff Declaration forms in the year	Full-time and part-time KCB Group employees who signed the annual staff declaration forms as part of ethics compliance within the reporting year.	Number
Percentage of employees who completed the ethics e-learning course in the year	Percentage of full-time and part-time KCB Group employees who completed the annual ethics course within the reporting year.	Percentage
Number of new permanent and pensionable employees at year end	Full-time KCB Group employees at year end	Number
Number of male permanent and pensionable employees at year end	Full-time KCB Group employees at year end	Number
Number of female permanent and pensionable employees at year end	Full-time KCB Group employees at year end	Number
Total number of full-time equivalent (FTE) group employees at year end	Full-time KCB Group employees at year end	Number
Number of full-time equivalent (FTE) group employees belonging to a union at year end (Kenya)	Full-time employees in Kenya belonging to either Banking Insurance and Finance Union (Kenya) or Kenya Union of Commercial, Food and Allied Workers (KUCFAW) at year end	Number
Percentage composition of women on the KCB Group Board at year end	Percentage composition of women on the KCB Group Board at year end	Percentage
Economic	Definition	Unit of measurement
Value of KCB Mpesa Loans disbursed in the year	KCB Mpesa is a loan and savings product offered by KCB Bank Kenya Ltd to Safaricom Mpesa customers through the Safaricom mobile channel.	Kenyan Shilling
Number of Mobi Loans disbursed in the year (Kenya)	KCB Mobi is a loan product exclusively offered by KCB Bank Kenya Ltd to KCB Bank Kenya Ltd customers through its mobile channels.	Number
Social	Definition	Unit of measurement
Number of female student beneficiaries under the Scholarship Programme in the year (Kenya)	The Scholarship Programme offers full secondary and tertiary school scholarships to support bright students from disadvantaged backgrounds in Kenya	Number
Number of male student beneficiaries under the Scholarship Programme in the year (Kenya)	The Scholarship Programme offers full secondary and tertiary school scholarships to support bright students from disadvantaged backgrounds in Kenya	Number
Number of Females who participated in the 2jijiri Program training in the year	2jijiri is a programme to empower the youth to grow micro-enterprises by providing them with technical and vocational education and training.	Number
Number of Males who participated in the 2jijiri Program training in the year	2jijiri is a programme to empower the youth to grow micro-enterprises by providing them with technical and vocational education and training.	Number
Number of LPG implementation grants awarded in the year	These are grants to subsidize loans for schools that are implementing LPG projects as a cooking fuel alternative.	Number

Appendices

Appendix C: GRI Checklist

Statement of use	KCB Group has reported with reference to the GRI Standards for the period January to December 2023.
GRI 1 used	GRI 1: Foundation 2021

Disclosures Title	Section Title	Disclosure Reference	Omission
General Disclosures			
GRI 2: General Disclosures 2021			
2-1 Organizational details	About this Report	Pg 4	
2-2 Entities included in the organization's sustainability reporting	About Us	Pg 18	
2-3 Reporting period, frequency and contact point	About this Report	Pg 4-5	
2-4 Restatements of information	Integrated Report 2023	Pg 2	
2-5 External assurance	About this Report	Pg 5	
Activities and workers			
2-6 Activities, value chain and other business relationships	Our Strategy and Sustainability Approach	Pg 40	
2-7 Employees	Employee Welfare	Pg 84-97	
2-8 Workers who are not employees			Information Unavailable
Governance			
2-9 Governance structure and composition	Governance Structure	Pg 24-29	
2-10 Nomination and selection of the highest governance body	Integrated Report 2023	Pg 92-102	
2-11 Chair of the highest governance body	Integrated Report 2023	Pg 99	
2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure	Pg 26-29	
2-13 Delegation of responsibility for managing impacts	Governance Structure	Pg 26-29	
2-14 Role of the highest governance body in sustainability reporting	Governance Structure	Pg 26-29	
2-15 Conflicts of interest	Governance Structure	Pg 25	
2-16 Communication of critical concerns	Stakeholder Engagement	Pg 135-137	
2-17 Collective knowledge of the highest governance body	Governance Structure	Pg 24-29	
2-18 Evaluation of the performance of the highest governance body	Governance Structure	Pg 24-29	
2-19 Remuneration policies	Integrated Report	Pg 124	

Disclosures Title	Section Title	Disclosure Reference	Omission
2-20 Process to determine remuneration	Integrated Report	Pg 88-90	
2-21 Annual total compensation ratio	Integrated Report	Pg 123, 154	
Strategy, policies and practices			
2-22 Statement on sustainable development strategy	Regulatory Compliance	Pg 133-134	
2-23 Policy commitments	Governance Structure	Pg 24-29	
2-24 Embedding policy commitments	Governance Structure	Pg 26	
2-25 Processes to remediate negative impacts	Our Strategy & Sustainability Approach	Pg 32 -36	
2-26 Mechanisms for seeking advice and raising concerns	Regulatory Compliance	Pg 133	
2-27 Compliance with laws and regulations	Regulatory Compliance	Pg 133-134	
2-28 Membership associations	Guiding Frameworks & Standards	Pg 15	
	Inclusivity and Partnership	Pg 111	
Stakeholder engagement			
2-29 Approach to stakeholder engagement	Stakeholder Engagement	Page 135-137	
2-30 Collective bargaining agreements	Stakeholder Engagement	Page 138-140	
Economic			
GRI 201: Economic Performance			
Disclosure 201-1 Direct economic value generated and distributed	Creating Shared Value	Pg 100-112	
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Risk Management	Pg 50-61	
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	Integrated Report 2023	Pg 51	
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			
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Integrated Report 2023	Pg 215	
Disclosure 202-2 Proportion of senior management hired from the local community	Integrated Report 2023	Pg 89-90	
GRI 203: Indirect Economic Impacts			
Disclosure 203-1 Infrastructure investments and services supported	Creating Shared Value	Pg 100-112	

Disclosures Title	Section Title	Disclosure Reference	Omission
Disclosure 203-2 Significant indirect economic impacts	Creating Shared Value	Pg 100-112	
GRI 204: Procurement Practices			
Disclosure 204-1 Proportion of spending on local suppliers	Sustainable Sourcing	Pg 122	
GRI 205: Anti-corruption			
Disclosure 205-1 Operations assessed for risks related to corruption	Integrated Report 2023	Pg 98	
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Integrated Report 2023	Pg 98	
Disclosure 205-3 Confirmed incidents of corruption and actions taken	Integrated Report 2023	Pg 98	
GRI 206: Anti-competitive Behaviour			
Disclosure 206-1 Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	Integrated Report	Pg 98	
GRI 207: Tax			
Disclosure 207-1 Approach to Tax	Tax Management	Pg 142-143	
Disclosure 207-2 Tax Governance, Control and Risk Management	Tax Management	Pg 142-143	
Disclosure 207-3 Stakeholder Engagement and Management of Concerns related to tax	Tax Management	Pg 142-143	
Environmental			
GRI 301: Materials			
Disclosure 301-1 Materials used by weight or volume	Resource Consumption	Pg 68	
Disclosure 301-2 Recycled input materials used	Resource Consumption	Pg 68	
Disclosure 301-3 Reclaimed products and their packaging materials	Resource Consumption	Pg 68	
GRI 302: Energy			
Disclosure 302-1 Energy consumption within the organization	Power Consumption	Pg 68	
Disclosure 302-2 Energy consumption outside of the organization	Operational Excellence	Pg 130-135	
Disclosure 302-3 Energy intensity	Power Consumption	Pg 68	
Disclosure 302-4 Reduction of energy consumption	Power Consumption	Pg 68	
Disclosure 302-5 Reductions in energy requirements of products and services	Power Consumption	Pg 68	
GRI 303: Water and Effluents			
Disclosure 303-1 Interactions with water as a shared resource	Water Consumption	Pg 67	
Disclosure 303-2 Management of water discharge-related impacts	Water Consumption	Pg 67	

Disclosures Title	Section Title	Disclosure Reference	Omission
Disclosure 303-3 Water withdrawal	Water Consumption	Pg 67	
Disclosure 303-4 Water discharge	Water Consumption	Pg 67	
Disclosure 303-5 Water consumption	Water Consumption	Pg 67	
GRI 304: Biodiversity			
Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Impact Analysis and Target Setting	Pg 32-35	
Disclosure 304-2 Significant impacts of activities, products, and services on biodiversity	Impact Analysis and Target Setting	Pg 32-35	
Disclosure 304-3 Habitats protected or restored	Impact Analysis and Target Setting	Pg 32-35	
Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			Information Unavailable
GRI 305: Emissions			
Disclosure 305-1 Direct (Scope 1) GHG emissions	Operational Emissions	Pg 67-72	
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Operational Emissions	Pg 67-72	
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Financed Emissions	Pg 72-75	
Disclosure 305-4 GHG emissions intensity	Operational Emissions	Pg 67-72	
Disclosure 305-5 Reduction of GHG emissions	Operational Emissions	Pg 67-72	
Disclosure 305-6 Emissions of ozone-depleting substances (ODS)			KCB Group currently does not track this indicator.
Disclosure 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions			KCB Group has not estimated the emissions of these gasses, but these are expected to be negligible.
GRI 306: Effluents and Waste			
Disclosure 306-1 Water discharge by quality and destination			KCB Group currently does not track this indicator.
Disclosure 306-2 Waste by type and disposal method			KCB Group currently does not track this indicator.
Disclosure 306-3 Significant spills			KCB Group currently does not track this indicator.
Disclosure 306-4 Transport of hazardous waste			KCB Group currently does not track this indicator.

Disclosures Title	Section Title	Disclosure Reference	Omission
Disclosure 306-5 Water bodies affected by water discharges and/or runoff			KCB Group currently does not track this indicator.
GRI 307: Environmental Compliance			
Disclosure 307-1 Non-compliance with environmental laws and regulations	Regulatory Compliance	Pg 122-124	
GRI 308: Supplier Environmental Assessment			
Disclosure 308-1 New suppliers that were screened using environmental criteria	Sustainable Sourcing	Pg 132	
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Sourcing	Pg 132	
Social			
GRI 401: Employment			
Disclosure 401-1 New employee hires and employee turnover	Employee Welfare	Pg 86-99	
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Welfare	Pg 86-99	
Disclosure 401-3 Parental leave	Employee Welfare	Pg 86-99	
GRI 402: Labour/Management Relations			
Disclosure 402-1 Minimum notice periods regarding operational changes	Employee Welfare	Pg 86-99	
GRI 403: Occupational Health and Safety			
Disclosure 403-1 Occupational health and safety management system	Employee Welfare	Pg 86-99	
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Employee Welfare	Pg 86-99	
Disclosure 403-3 Occupational health services	Employee Welfare	Pg 86-99	
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Welfare	Pg 86-99	
Disclosure 403-5 Worker training on occupational health and safety	Employee Welfare	Pg 86-99	
Disclosure 403-6 Promotion of worker health	Employee Welfare	Pg 86-99	
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Welfare	Pg 86-99	
Disclosure 403-8 Workers covered by an occupational health and safety management system	Employee Welfare	Pg 86-99	
Disclosure 403-9 Work-related injuries	Employee Welfare	Pg 86-99	
Disclosure 403-10 Work-related ill health	Employee Welfare	Pg 86-99	
GRI 404: Training and Education			
Disclosure 404-1 Average hours of training per year per employee	Employee Welfare	Pg 86-99	

Disclosures Title	Section Title	Disclosure Reference	Omission
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	Employee Welfare	Pg 86-99	
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	Employee Welfare	Pg 86-99	
GRI 405: Diversity and Equal Opportunity			
Disclosure 405-1 Diversity of governance bodies and employees	Employee Welfare	Pg 86-99	
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Employee Welfare	Pg 86-99	
GRI 406: Non-discrimination			
Disclosure 406-1 Incidents of discrimination and corrective actions taken	Governance Structure	Pg 24-34	
GRI 407: Freedom of Association and Collective Bargaining			
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Governance Structure	Pg 24-34	
GRI 408: Child Labour			
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour	Governance Structure	Pg 24-34	
GRI 409: Forced or Compulsory Labour			
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Governance Structure	Pg 24-34	
GRI 410: Security Practices			
Disclosure 410-1 Security personnel trained in human rights policies or procedures	Employee Welfare	Pg 86-99	
GRI 411: Rights of Indigenous Peoples			
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples	Employee Welfare	Pg 86-99	
GRI 412: Human Rights Assessment			
Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments	Employee Welfare	Pg 86-99	
Disclosure 412-2 Employee training on human rights policies or procedures	Employee Welfare	Pg 86-99	
Disclosure 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Employee Welfare	Pg 86-99	
GRI 413: Local Communities			
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement	Pg 138-139	
Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	Stakeholder Engagement	Pg 138-139	

Disclosures Title	Section Title	Disclosure Reference	Omission
GRI 414: Supplier Social Assessment			
Disclosure 414-1 New suppliers that were screened using social criteria	Responsible Banking	Pg 31-32	
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	Sustainable Sourcing	Pg 132	
GRI 415: Public Policy			
Disclosure 415-1 Political contributions			Not applicable because KCB Group does not make any political contributions
GRI 416: Customer Health and Safety			
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories			Not Applicable
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Not Applicable
GRI 417: Marketing and Labelling			
Disclosure 417-1 Requirements for product and service information and labelling	Customer Excellence	Pg 113-120	
Disclosure 417-2 Incidents of non-compliance concerning product and service information and labelling	Customer Excellence	Pg 113-120	
Disclosure 417-3 Incidents of non-compliance concerning marketing communications	Customer Excellence	Pg 113-120	
GRI 418: Customer Privacy			
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Excellence	Pg 113-120	
GRI 419: Socioeconomic Compliance			
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area			Information Unavailable

Appendices

Appendix D: United Nations Global Compact Principles

UN Global Compact Principles	Section/Page
<p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses.</p>	<p>Governance Structure Pg 28-30</p> <p>Creating Shared Value Pg 110</p>
<p>Labour</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>Employee Welfare Pg 92-95</p> <p>Operational Excellence Pg 132</p>
<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Environmental Stewardship Pg 66-85</p> <p>Customer Excellence Pg 116-119</p>
<p>Anti-Corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Our Tax Approach Pg 143</p>

Appendices

Appendix E: United Nations Principles for Responsible Banking (PRB)

Since committing to the PRBs (Principles for Responsible Banking) in 2019, we have consistently aligned our operations with their six core principles. These encompass aligning our activities with the UN SDGs, the Paris Agreement on Climate Action, and international sustainability frameworks. We have also mapped our impact areas, set ambitious targets and we are working towards achieving them. Engaging with stakeholders is integral to our business operations and we have been working with diverse groups driving impact across all levels. Governance & Culture, alongside Transparency & Accountability, guide our daily operations, ensuring accountability for every action we undertake. Below is a summary of our PRB report, structured around these six principles.

Read [here](#) the full PRB report.

The PRB Principles	Our Commitment	Our Progress
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 (SDGs), the Paris Climate Agreement and relevant national and	We have continuously aligned our operations to the needs of the environment as well as the needs of the societies we operate in. As of 2023 we expanded the number of SDGs from 9 to 14 goals to ensure that we meet the needs of our diverse markets and accelerate sustainable development.
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.	Guided by the UNEP-FI PRB Impact Analysis Tool, we conducted a portfolio impact analysis in 2023, focusing on Kenya, Uganda, Tanzania, and Rwanda. From the overall results, we had the highest level of impact on our social initiatives with a 46.52 impact. In 2024, we plan to extend this analysis to our remaining three subsidiaries, aiming to map our strategy's impact on the communities we serve. At KCB Group, setting targets remains central to addressing these critical impact areas.
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.	We continue to conduct environmental and social (E&S) risk assessment to all our clients to be able to manage and mitigate risks arising from our financing activities. For all our corporate and MSME clients requiring a loan facility of more than KShs. 100 million have been subjected to a mandatory E&S risk assessment. In 2023, the value of facilities assessed increased from KShs. 270 to KShs. 615 billion. This increase was attributed to the automation of the ESDD tool.

The PRB Principles	Our Commitment	Our Progress
Stakeholders	We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Our strategic relations with shareholders, employees, customers, suppliers, communities, and governments are crucial in driving societal impact. Through partnerships like Mastercard and initiatives such as the Young Africa Works programme, the KCB Foundation has created over 30,000 jobs under the 2jiajiri programme, focusing particularly on youth and women.
Governance & Culture	We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	Sound governance practices are foundational, ensuring transparency, accountability, and ethical conduct throughout our organization. Upholding high standards of corporate governance and regulatory compliance, we prioritize integrity in all dealings. Our governance framework safeguards stakeholder interests and promotes long-term sustainability. In 2023, we launched a new brand purpose, "For People For Better," guided by values of closeness, connection, and courage.
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.	Annually, we commit to disclosing our progress and achievements in ESG. In 2023, our 2022 Sustainability Report underwent independent audit and assurance from Risk Insights, resulting in an increased ESG GPS rating from 2 to 3.

