



Environmental, Social  
& Governance Report

# Responsible Returns



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# About this Report

We are pleased to present the Co-operative Bank’s Environmental, Social, and Governance (ESG) Report for 2022. This report exemplifies our commitment to robust ESG stewardship, marking our strides towards sustainable development, good governance, and positive societal impact.

In sync with the vision of our Board of Directors and Group Managing Director & CEO, this document unfolds the holistic integration of our ESG Policy Framework across our operational spectrum. This framework stands as a testament to our dedication to economy, society, and environment, shaping our strategic intent and our day-to-day functioning.

The essence of this report lies in its transparency. We endeavor to offer a fair and comprehensive account of our ESG performance, challenges, opportunities, and impact. In doing so, we foster

trust, encourage accountability, and invite our stakeholders to partake in our journey towards responsible and sustainable banking. This report supplements our 2022 Integrated Annual Report, illuminating the ways our business model harmonizes with sustainability objectives and accentuating our commitment to ESG principles.

Our report aligns with guidelines laid out by the Global Reporting Initiative (GRI) Universal Standards – the core and comprehensive options for reporting for Kenya Bankers Association’s sustainable finance principles, and Nairobi

Securities Exchange (NSE) Reporting guidelines. We have also diligently integrated our efforts with the United Nations’ Sustainable Development Goals (SDGs), ensuring our initiatives contribute towards global objectives.

In this report, “Co-op Bank”, “the Bank”, or “We” refer to the Co-operative Bank Group. All financial details are given in Kenya Shillings (KES), unless otherwise noted.

We trust this report will provide valuable insights into our sustainable and ethical business practices, narrating our ESG journey, and highlighting the impact we create in the communities we serve. Together, we aspire to bring about enduring change, shaping a sustainable future that is within our reach. In the upcoming sections, we elaborate how our operations and initiatives correspond to these global goals.

### Reporting Scope & Frameworks

This report covers the period from January 2022 to December 2022 and references to other periods are made for comparison purposes. The report comprehensively covers Co-operative

Bank of Kenya Ltd Group and includes both financial and non-financial facets of our business. This is to communicate how we create long-term value for our stakeholders and to highlight our commitment to an integrated business approach.

Co-op Bank has referred to the Global Reporting Initiative (GRI) framework for sustainability reporting and is in alignment with the GRI Universal Standards (2021). Our disclosure Index can be found here: [GRI Content Index](#)



### EXTERNAL ASSURANCE

Select performance indicators were independently assured by Ernest & Young (EY) as referenced in our annual Integrated Report <https://www.co-opbank.co.ke/investor-relations/integrated-reports>

More information on the Independent Auditor’s Report is available in our Annual Integrated Report 2022 Page 49

### SUPPLEMENTARY DETAILS

Company Name: Co-operative Bank of Kenya Ltd Headquarters: Co-operative House, Haile Selassie Avenue, Nairobi, Kenya

Reach Us: [esg@co-opbank.co.ke](mailto:esg@co-opbank.co.ke)

Contact Centre: Tel:020 277 6000, 0703027000

WhatsApp: +254736690101

### DOWNLOAD INFORMATION

To download a copy of this report, or sustainability reports from previous years, please visit the Co-operative Bank website at <https://www.co-opbank.co.ke/sustainability>

We encourage our stakeholders to share their views on this report through: [esg@co-opbank.co.ke](mailto:esg@co-opbank.co.ke)



# Chairman's Statement



On behalf of the Board of Directors, I am delighted to welcome you to Co-operative Bank's Environmental, Social, and Governance (ESG) Report for 2022. The board holds the responsibility of oversight, strategic guidance, and fostering long-term sustainability that includes ESG objectives. I am pleased to affirm that this responsibility is not only being acknowledged but actively implemented across our various operational horizons.

Our strategic framework pivots on the recognition of ESG stewardship as a cornerstone for creating long-term shared value for our stakeholders. We understand the impacts our decisions and actions have on the environment, society, and governance structures. Hence, the board is committed to nurturing an environment that actively mitigates climate risk and encourages responsible resource utilization, coupled with an unwavering commitment to uphold the principles of good governance.

Underpinning our sustainability strategy is the Board's commitment to ensure the successful integration of our ESG Policy Framework across our operations. This framework signifies our dedication to driving change in the Economy,

Society, & the Environment, aligning our strategic vision with our operational realities. The Board's role is not merely to set these high-level policies but also to oversee the robust execution of these principles in our everyday operations.

The Group Managing Director and CEO has brilliantly encapsulated our 2022 journey, emphasizing our firm commitment to sustainable development, climate change mitigation, and responsible banking practices. The Board of Directors has remained deeply involved in this journey, assuring that the principles of our ESG Policy Framework are strictly adhered to, and that there is effective management of our ESG and climate-related risks.

In accordance with our Board Charter, we continuously oversee the implementation of our ESG and climate risk management roadmaps, ensuring alignment with the Central Bank of Kenya's guidelines and the Nairobi Securities Exchange ESG Disclosure Guidance Manual. It is a point of pride for us that our Bank has been recognized for its sustainable banking efforts, receiving the esteemed African Banker Award for Best Regional Bank - East Africa and being named the Most Sustainable Bank at the Kenya Bankers' Catalyst Awards 2022.

A testament to our commitment, the Bank's 2022 performance, characterized by a record profit before tax of KShs. 29.4 billion, showcases the potency of our business model that seamlessly

integrates our strategic decision-making and effective ESG practices.

As we look to the future, the Board remains resolute in the commitment to our ESG policy. We are excited about the opportunities presented by the government's focus on MSMEs and are dedicated to expanding our services for enhanced financial inclusion. We are eager to continue our journey, strengthening our commitment to ESG principles, and creating enduring value for our stakeholders, while contributing positively to the growth and sustainability of our economy and society.

In closing, we appreciate the tireless work of our employees, the trust of our customers, and the support of our stakeholders. We understand that ESG is an ongoing journey, and the Board will continue to lead from the front, ensuring transparency, adherence to our policy, and striving for excellence in all we do. The sustainable future we envision is well within our grasp, and together, we will make it a reality.

**Mr. John Murugu, OGW  
Chairman**





# Group Managing Director & CEO Statement



It is my pleasure to present the Co-operative Bank ESG Report for 2022. This report serves as a testament to our unwavering commitment to the principles of environmental, social, and governance (ESG) stewardship, encapsulated in our ESG policy statement: “We are fully committed to sustainable development and achievement of positive environmental and social outcomes with good governance.”

Our commitment to these principles resonates across all our operations and business activities, showcasing our proactive efforts in mitigating climate change, ensuring responsible resource use, promoting green financing, and upholding the highest standards of governance. Our drive for positive impact is championed by the collective efforts of our 4,864 employees, each playing an integral role in our success story even amid the global challenges of the Covid-19 pandemic.

We acknowledge the critical importance of complying with national laws, regulations, and agreements on environmental, social, health and safety issues. Thus, we are dedicated to evaluating and managing the environmental and social

impacts associated with any policy, product, or significant initiative that we undertake. This diligence is evident in our strategic focus, which hinges on the goal of fostering positive change in the Economy, Society, and the Environment.

In line with our ESG policy, we have strengthened our commitment to financial and economic inclusion, enhancing employment quality, promoting stakeholder engagement, and safeguarding data security and privacy. Our ESG Policy Framework, approved by the Board and established on these principles, is integrated across our operations and emphasizes our dedication to diversity, inclusivity, and sustainable development.

Our adherence to the ESG Policy Framework saw us make significant strides in 2022, establishing systems and mechanisms to embed ESG principles into our day-to-day operations. Our ESG Unit and ESG Committee oversee our compliance with the Central Bank of Kenya's guidance on climate-related risk management and the Nairobi Securities Exchange ESG Disclosure Guidance Manual, affirming our commitment to addressing climate change and aiding the transition to a low-carbon economy.

Recognition of our sustainable banking efforts, like receiving the esteemed African Banker Award for Best Regional Bank - East Africa and the title of Most Sustainable Bank at the Kenya Bankers' Catalyst Awards 2022, confirms our

commitment to excellence. As we continuously communicate our ESG policy to our stakeholders through regular reporting, we remain steadfast in providing superior customer service.

Our dedication to philanthropy and community service was exemplified by our donation of KShs. 150 million to support drought relief efforts. Looking ahead, we are optimistic about 2023. We are enthusiastic about the government's focus on MSMEs, and we are expanding our network to further enhance financial inclusion.

Our strong performance in 2022, reflected by a record profit before tax of KShs. 29.4 billion, underscores the strength of our business model, strategic decision-making, and effective ESG practices. Our commitment to transforming lives and creating long-term shared value remains our guiding principle.

In closing, I wish to reiterate our adherence to our ESG policy and the pursuit of excellence. Our devotion to these standards will continue to shape our journey, enabling us to fulfil our mandate, cater to our stakeholders' needs, and make significant contributions to the growth and sustainability of the economy and society we serve.

**Dr. Gideon Muriuki CBS, MBS**  
Group Managing Director & CEO

# The Sustainable Development Goals

1
NO POVERTY


2
ZERO HUNGER


3
GOOD HEALTH AND WELL-BEING


4
QUALITY EDUCATION


5
GENDER EQUALITY


6
CLEAN WATER AND SANITATION


7
AFFORDABLE AND CLEAN ENERGY


8
DECENT WORK AND ECONOMIC GROWTH


9
INDUSTRY, INNOVATION AND INFRASTRUCTURE


10
REDUCED INEQUALITIES


11
SUSTAINABLE CITIES AND COMMUNITIES


12
RESPONSIBLE CONSUMPTION AND PRODUCTION


13
CLIMATE ACTION


14
LIFE BELOW WATER


15
LIFE ON LAND


16
PEACE, JUSTICE AND STRONG INSTITUTIONS


17
PARTNERSHIPS FOR THE GOALS




# Our Journey







# A History of Inclusion

## 1968

From strong roots, a People's Bank has risen



The first Board of Directors comprises:

Mr. B. Kathanga (CHAIRMAN)

Hon C. W. Rubia, M P (VICE-CHAIRMAN)

Mr. J. K. Muthama

Mr. A. H. Kamau

Mr. M. Gheewalla

Mr. J. J. Musundi

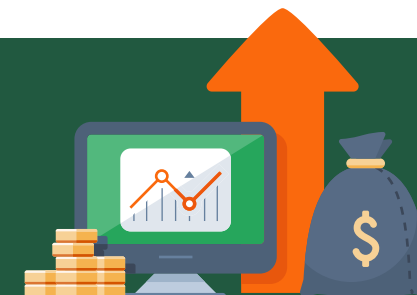
Hon D. N. Kuguru, M.P.

Mr. S. Rintaugu and

Mr. S. Mogire

## 255K

The Co-operative Bank opens for business on 10th January 1968 with a modest capital base of Ksh 255,000



## 15 Million Members

Today, Co-operative Bank is one of the Largest Financial Institutions in the region serving millions of customers, including the 15-million-member co-operative movement that is the largest in Africa.







# A History of Inclusion: We have been Transforming Lives for over 50 years

1966~1968

The Co-operative Bank of Kenya is established and opens its doors in year 1968

1994

Converts into a full-fledged Commercial Bank to bank other customers beyond Co-operatives including individuals, corporates, and other institutions

1998

The Bank's Head Office is hit by a terror attack aimed at the adjacent US Embassy. Operations are moved to various hired premises in town

2000

The bank makes a huge loss of KShs. 2.3 Billion

2002

Returns to profitability reporting KShs. 103 Million profit. The bank reoccupies the renovated Cooperative House Building

2005

Doubles its share capital from KShs. 1.2 Billion to KShs. 2.3 Billion through share capital injection of KShs. 1.1 Billion

2007~2008

Records a complete turnaround by reporting a KShs. 2.3 Billion Profit Before Tax. Successfully listed in the Nairobi Securities Exchange in 2008

2009~2013

The Bank undergoes its most rapid expansion by opening 77 branches. Customer accounts grow from 700,000 to 4.1 Million

2014

Embarks on the bold 'Soaring Eagle' Transformation Agenda to scale greater frontiers serving over 5.9 Million account holders

2016

The Group registers continued growth with a PBT of KShs. 17.7 Billion and an asset base of over KShs. 351.8 Billion

2017

The Group records a Profit Before Tax of KShs. 16.4 Billion, a commendable performance against the backdrop of a tight operating environment; Interest rates capping and general economic slowdown.

2018

The Group continues to soar higher recording a PBT of KShs. 18.16 Billion, 11% higher than KShs. 16.4 Billion in 2017

2019

The Group continues to perform well, recording a PBT of **KShs. 20.7 Billion, a 14% growth.** The Bank disburses KShs. 43B through e-credit, a key lending focus area.

2020~2021

The Group demonstrates resilience during the covid-19 pandemic; restructures KShs. 49 billion to support customers through the pandemic. Group acquires Kingdom Bank Ltd (Formerly Jamii Bora Bank – Niche MSME Bank). The Group reports KShs. 22.6 billion in PBT for FY2021

2022

The Group registers a PBT of KShs. 29.4 billion, a growth of 30% year on year. Continued support to customers recovering from the effects of the pandemic through credit and innovative financial solutions. The Bank enhances its ESG focus and introduces a dedicated ESG Unit and Committee to increase positive impact to the Economy, Society and Environment

The Group continues to perform well, recording a Profit Before tax of KShs. 20.7 Billion, a 14% growth

# KShs. 20.7B

# Our Transformation: A Journey not a Destination

Our Transformation journey begun in August 2014, the aim being to pursue higher growth with increased efficiency. The gains from this journey include improvement of our cost to income ratio from a high of 63% to 55% (46% without provisions).



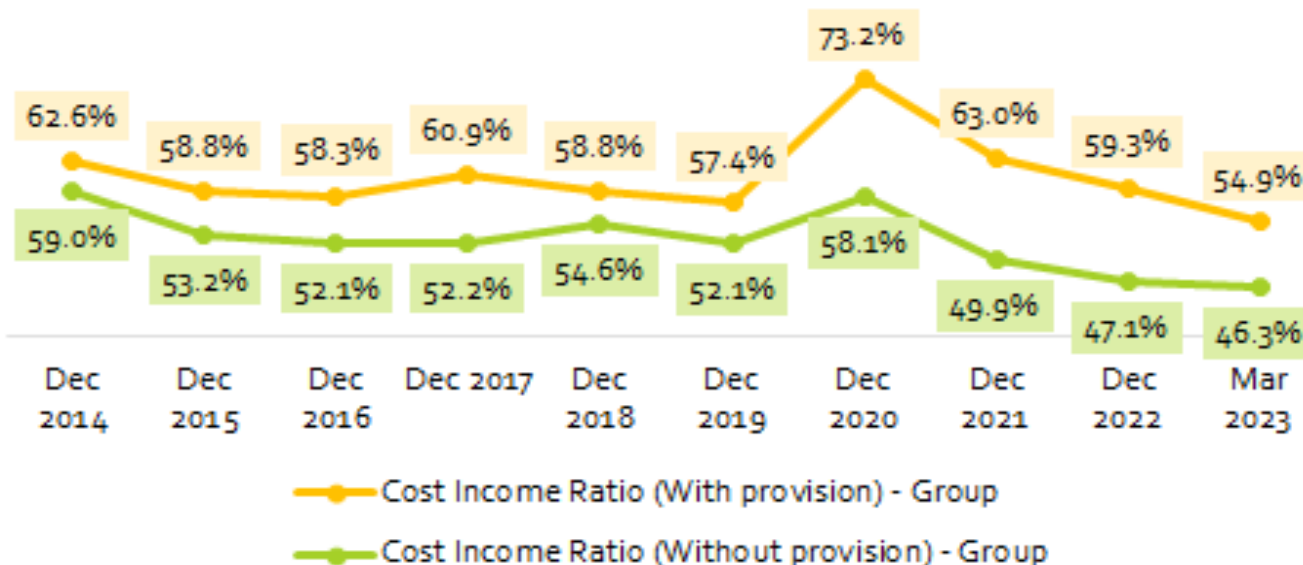
→ The pillars of our Transformation are:





## Our Transformation:

### IMPROVING EFFICIENCY (COST TO INCOME RATIO)



Resources are limited and must be consumed responsibly



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



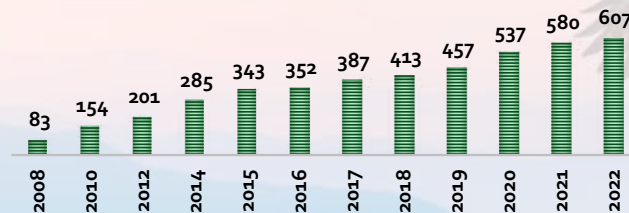




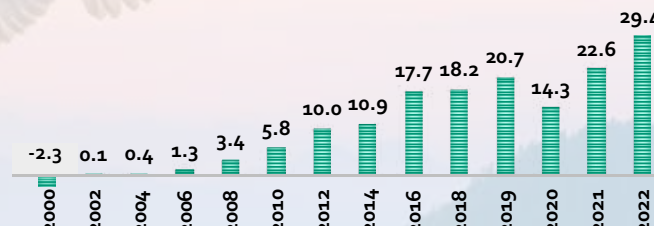
# Soaring to great heights: Powered by our dedication to Sustainable Business Practices



Total Assets (Kshs. B)



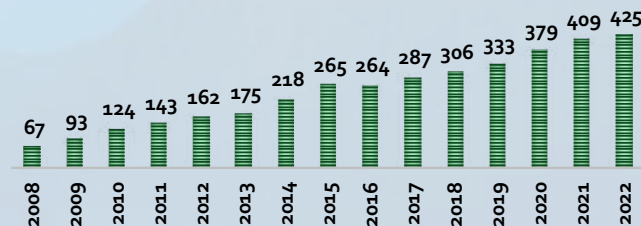
Profit Before Tax Kshs. B



Loan Book (Net) Kshs. B



Customer Deposit Kshs. B





# Award Winning Bank

## AWARDS

Kenya Bankers Association	Best Overall in Satisfactory Customer Experience. 33000 respondents from 38 member banks
Kenya Bankers – Catalyst Awards	Most Innovative Bank Best in financing Commercial Clients 1st Runners up – Best in sustainable finance 1st Runners up – Best in Covid-19 response 2nd Runners Up – Best in Financing MSME
Energy Management Awards	18th Energy Management Awards (EMA) 2022 Electricity Savings Award – Small Consumers – 1st Runners Up Services Sector Awards – 1st Runner Up Best New Entrant Award- Winner
FIRE (Financial Reporting Award)	Overall Winner – Sustainability Reporting 2022
African Banker Awards 2022	Winner – Best Regional Bank – East Africa
DigiBank Summit	DigiBank Summit 2022 – Excellence in Customer Experience
CSR 100	Best Women and Youth empowerment Programs. Education Scholarship Program Adoption of Agribusiness and use of Renewable Energy Technologies for Agriculture by Youth in Kenya.
EMEA Finance African Banking Awards 2021	CEO of the year – Pan Africa Best Bank – Kenya Financial Inclusion – Pan Africa Best Asset Manager, Co-op Trust Investments Services – Kenya.
VISA Awards 2021	Best SME acquirer solution rollout Best contactless champion – issuing Most financially inclusive bank

**Asanteni Saana!  
Because of you,  
we did it again.**



Once more, and for the third time in 5 years, Co-operative Bank has been recognized as the Overall Winner of this year's Sustainable Finance Catalyst Awards, organised by the Kenya Bankers' Association.

As a bank that is anchored in the 15-million-member Co-operative Movement which is the face of Kenya, we reiterate our commitment to deliver shared

prosperity today, while engaging in business practices that recognize that we are only custodians of this earth for the generations to come.

We convey our sincere appreciation to you, our customers, and other stakeholders, for walking this journey with us. **Asanteni.**

**OVERALL WINNER**  
Sustainable Finance Catalyst Awards

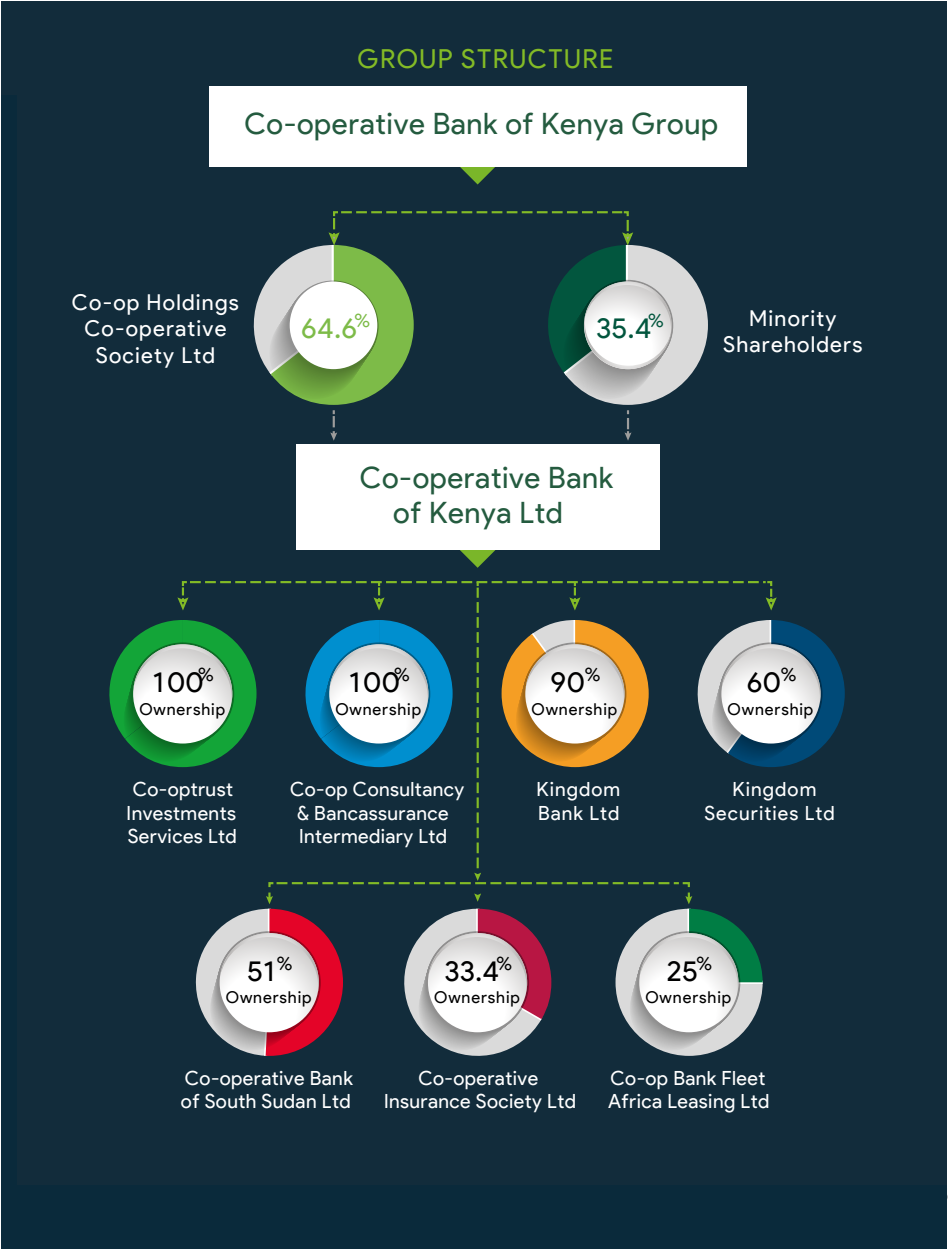
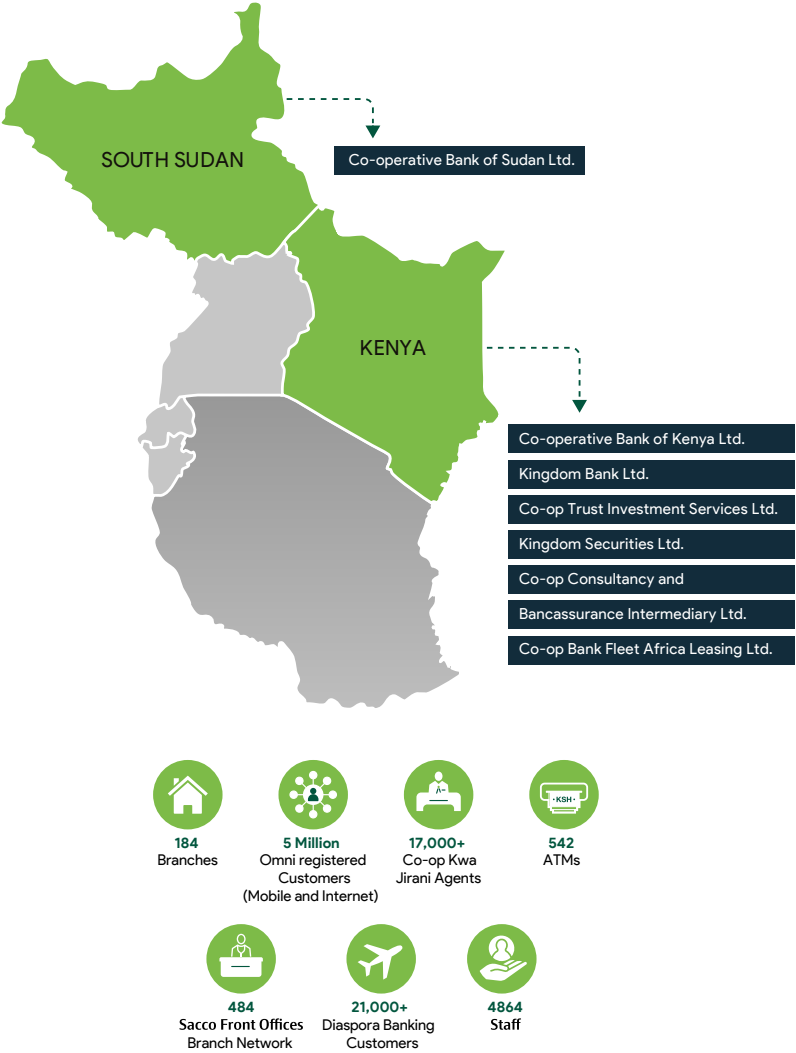


# Co-operative Bank Overview





# Our Regional Presence





# Co-operative Bank Overview

## Our ESG Policy

**Statement:** We are fully committed to sustainable development and to achieving positive environmental and social outcomes with good governance

OUR PURPOSE: TRANSFORMING LIVES



### KEY ENABLERS

#### Corporate Strategic Plan

- Operating Environment
- Our Business Model
- Our Capitals
- Transformation Culture
- Environment, Social & Governance (ESG)

### ESG AT HEART OF CO-OP BANK

- ESG Framework
- Stakeholder Engagement
- Material Topics
- Corporate Governance
- Risk Management

## ‘We are you’

We are all our stakeholders.  
We seek to meet the needs of all our stakeholders through our sustainable business model

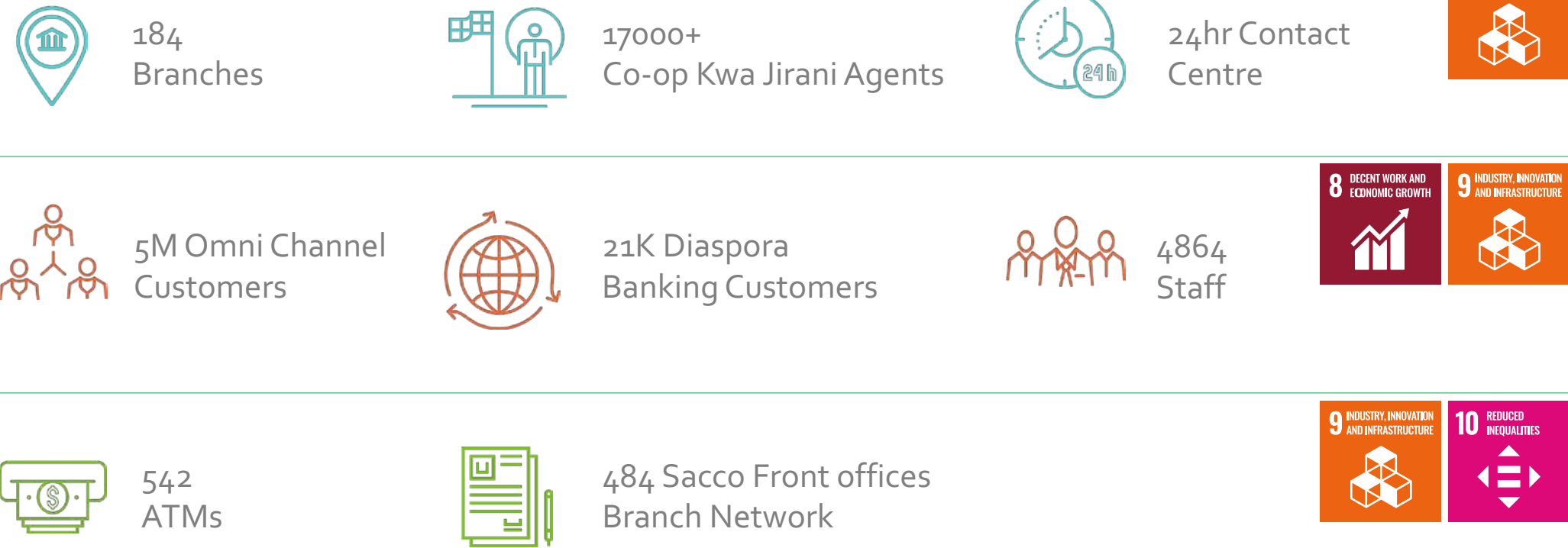
**Our Purpose:** A financial institution predominantly owned by the Kenyan Co-operative movement transforming lives.

**Our Mission:** To offer a wide range of innovative financial solutions leveraging on our heavy investment in multi channels, national and regional presence and with focus on excellent customer experience by a highly motivated and talented team.

**Our Vision:** To be the dominant Bank in Kenya & in the Region riding on the unique Co-operative Model providing innovative financial solutions for distinctive customer experience



# An expansive network that optimizes Financial Inclusion



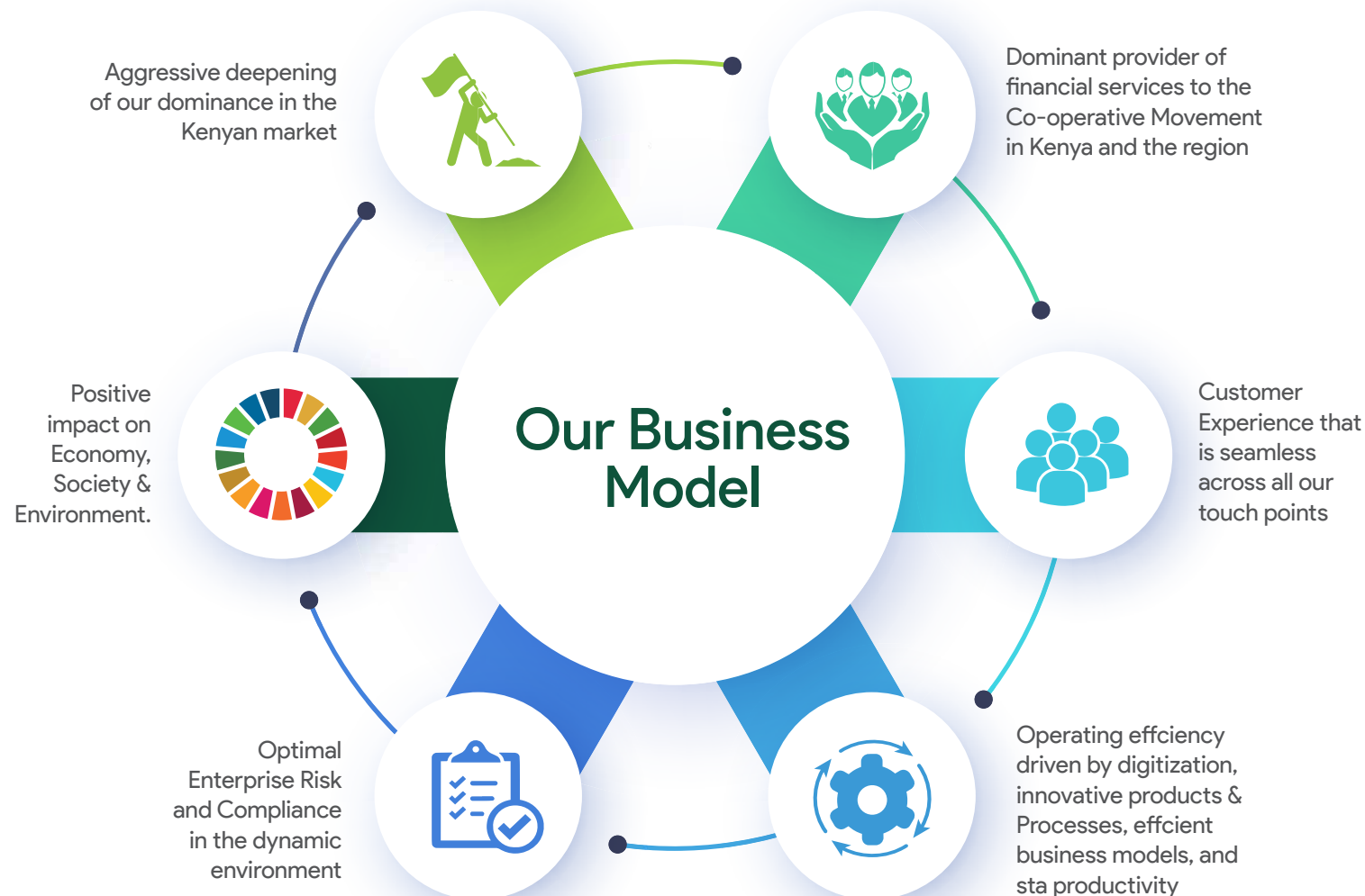




# A Successful Business Model

We operate in the Region using the co-operative model to ensure that we socially and economically transform our stakeholders by the innovative financial solutions that we offer and the positive engagements that we have.


(FOR A DETAILED ANALYSIS REFER TO THE STRATEGIC FOCUS REVIEW SECTION OF THIS REPORT PAGE 60)




# Our Key Business

WHAT WE DO	
→ RETAIL AND BUSINESS BANKING DIVISION	→ <b>Providing financial solutions to individual customers, Micro, Small and Medium Enterprises</b>
→ CORPORATE AND INSTITUTIONAL BANKING DIVISION	→ <b>Providing financial solutions to:</b> <ul style="list-style-type: none"> <li>• Corporates</li> <li>• Institutions</li> <li>• Government</li> <li>• Parastatals</li> <li>• Non- Governmental Institutions</li> <li>• International Financial Institutions</li> </ul>
→ CO-OPERATIVES BANKING DIVISION	→ <b>Providing financial solutions to:</b> <ul style="list-style-type: none"> <li>• Large Saccos</li> <li>• PSV/Transport Saccos</li> <li>• Investment Saccos</li> <li>• Housing Saccos</li> <li>• Agricultural &amp; other Co-operatives</li> </ul>
→ KINGDOM BANK LTD	→ <b>A niche MSME Bank providing financial services</b>
→ CO-OPTRUST INVESTMENT SERVICES LTD.	→ <b>Fund Management Services</b>
→ COOP CONSULTANCY & BANCASSURANCE INTERMEDIARY LIMITED	→ <b>Banc-Assurance Services</b> → <b>Consultancy and capacity building services to Co-operative Societies</b>
→ KINGDOM SECURITIES LTD	→ <b>Stock Brokerage Services</b>
→ CO-OP BANK FLEET AFRICA LEASING LIMITED	→ <b>Leasing Solutions to Retail, MSME's, Corporates, PSVs, Government and Non-Government</b>


WHAT WE DELIVER		
→ Deposit/ Instant Access accounts	→ Funds access across all our channels	→ Insurance Premium Financing
→ Savings Accounts	→ M-Wallet loans	→ Mortgage Finance
→ Current accounts	→ Trade Finance	→ Investment services
→ Fixed/Call deposit accounts	→ MSME Loans	→ Bancassurance
→ Forex products	→ Personal/Consumer Loans	→ Consultancy and capacity building
→ Payment solutions	→ Working Capital Loans	→ Stock Brokerage
→ Funds transfer	→ Asset Finance	→ Leasing




We enable our customers to:




SAVE



INVEST

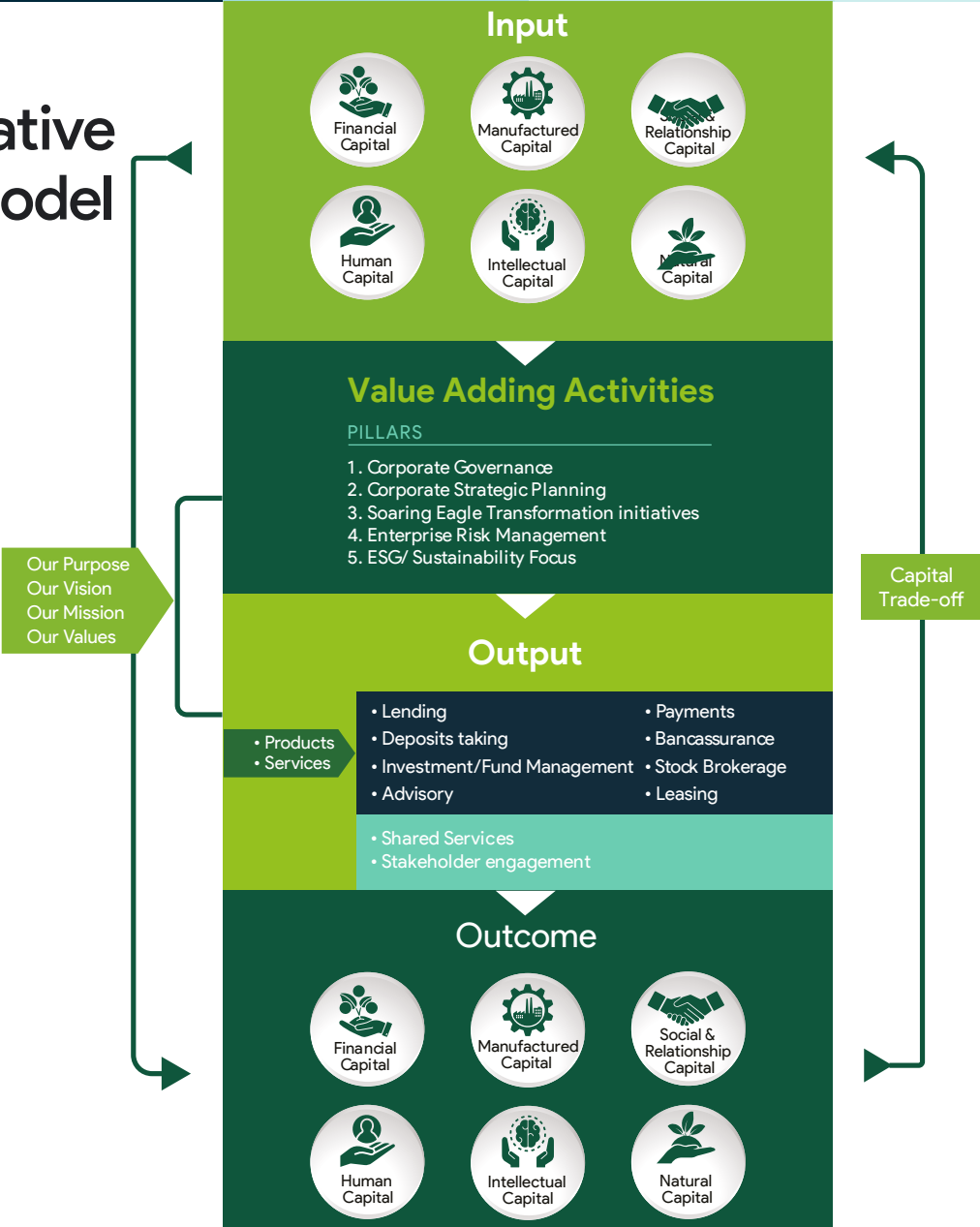


BORROW



MITIGATE RISKS

# Co-operative Bank's Model





Co-operative Bank of Kenya signing a KShs. 12.6B long term credit agreement with global institutional investors led by the German fund, Deutsche Investitions – und Entwicklungsgesellschaft (DEG). The fund will strengthen the bank's capital base and support lending to MSME for future growth.



The Chairman Board of Directors, Co-operative Bank, Mr. John Murugu, OGW (center front row) leading the full board for a Strategic Business Planning Retreat in Mombasa, Kenya.





# Co-operative Bank's Model

How we create value to fulfil our purpose of transforming lives



## INPUTS AT THE BEGINNING OF 2022



### Financial Capital

- Total Assets – KShs. 579.8 Billion
- Total Capital – KShs. 87.9 Billion
- Liquidity – 53.8%
- KShs. 84.2 Billion in retained earnings
- External Rating- B2 (Negative)



### Human Capital

- 4505 empowered staff members
- High Performance Management and Reward culture
- High-impact leadership culture
- Staff wellness and welfare focus



### Manufactured Capital

- 178 Branches
- Alternative Channels - MCo-opCash, CoopNet, Coop kwa Jirani (Agency), Open Banking, ATMS.
- Shared Services - support departments for the Group. (KShs. 10.3 Billion in Property and equipment) Efficient ICT infrastructure (Core Banking, OPICS, ERP, CRM etc.)



### Intellectual Capital

- Dynamic ICT capabilities and Strong Brand Positioning- 'Co-op Bank'
- Tacit Co-operative Banking Knowledge and specialized talent Integrated Enterprise Risk Management
- Progressive Lending, Investing, procurement and Corporate Governance practices



### Social & Relationship Capital

- Active and robust engagement with stakeholders.
- Strategic partnerships has seen us grow our Long term funding to KShs. 42.9 Billion.
- Socio - economic - Environmental Sustainability investments in people and as described in the ESG section of this report.



### Natural Capital

- Sustainably used Energy, Water and Paper (Stationery)
- Eco-social and eco-environmental lending Book. (KShs. 1.7 Billion balance as at FY2021)



### Operating Environment

- Post-Covid economic rebounds (Kenya and South Sudan projected 5.6% and 6.5% GDP Growth in 2022).
- Peaceful elections and regime transition.
- Government of Kenya's focus on MSME's and manufacturing

## VALUE ADDING ACTIVITIES

Governing Pillars of our value adding activities:

### 1. Comprehensive Corporate Governance

Our system of control and direction affirm responsibility, accountability, fairness and transparency.

### 2. Integrated Corporate Strategic Planning

Enhanced organizational awareness on risk and opportunity extraction for optimal performance leveraging on our unique capabilities in the operating environment.

### 3. Soaring Eagle Transformation Initiatives

Institutionalized investment in digitization, innovation, credit processes and sales force effectiveness across all business segments.

### 4. Integrated Enterprise Risk Management

Robust risk awareness, mitigation and conversion to address emerging issues globally, in Kenya and Sudan. Regulatory requirements and board capital targets which define our risk appetite and capacity to support our business segments.

### 5. ESG/ Sustainability Focus

Building our strategies and optimizing our activities to delivery sustainable shared value for all stakeholders with a long-term horizon.

The drivers of value adding activities, anchored on our governing pillars:

- ✓ Employ, support and retain the best talent to support our stakeholders.
- ✓ Invest and innovate on our customer touch points (physical and alternative channels).
- ✓ Build and improve our ICT capabilities and infrastructure to support our activities, product development and customer experience.
- ✓ Engage and maintain relationships with our stakeholder through proactive engagement and develop a feedback loop to respond to their expectations.
- ✓ Assess and optimize our use of natural resource, while developing initiatives to reduce the direct and indirect impacts of our operations.
- ✓ Care and listen to our customers to understand and address their current and future needs.
- ✓ Align and equip our business segments to the Corporate Strategy and resources to extract value.

## OUTPUTS

Through a variety of innovative solutions and products, our universal banking model prioritizes the creation of shared value for both our group and stakeholders. This approach generates multiple revenue streams while also having a positive impact on the environment. To mitigate any negative effects, we reinvest in process, people, and product development.

- Lending programs and products
- Deposit and wealth management solutions
- Transactional Banking and Payment services
- Payment solutions
- Open Banking
- E-commerce
- Foreign Exchange
- Bancassurance
- Trade finance
- Investment services
- Stock brokerage
- Custodial and share services
- Advisory and consultancy services
- Optimal Customer experience
- Corporate strategic planning
- Shared and other support services
- Stakeholder engagement
- Investor relations
- Proactive ESG Strategy implementation.
- Staff Performance and reward Management
- Staff Training
- Regulatory engagement
- Compliance and risk management, including BCP strategy

## OUTCOMES OF VALUE ADDING ACTIVITIES AT THE END OF 2022



### Financial Capital

- Total Assets KShs. 607.2 Billion
- Total Capital – KShs. 98.8 Billion
- Liquidity – 48.3%
- KShs. 97.7 Billion in retained earnings
- External Rating- B2 (Negative)



### Human Capital

- 4,864 empowered staff members trained on distinguished customer experience.
- High Performance Management and Reward culture
- High-impact leadership culture
- Coaching and personal development program.



### Manufactured Capital

- 184 Branches
- Enhancements on our digital channels leading to Increase in out of branch transactions (92% of all transactions) and lending.
- Shared Services - support departments (KShs. 9.3 Billion in Property and equipment) Efficient ICT infrastructure (Core Banking, OPICS, ERP, CRM etc.)



### Intellectual Capital

- Migration from MCo-opCash 4.0 to MCo-opCash 5.0.
- Increased NPS Score
- Augmented ICT capabilities
- Core Banking Implementation Initiative



### Social & Relationship Capital

- Our engagement with all our stakeholders has been active and optimal
- Strategic partnerships have grown Long term funding to KShs. 48.1 Billion
- Capacity building and project implementation through strategic partnerships.
- Socio - economic - Environmental Sustainability Initiatives and programs (More detail in the ESG section)



### Natural Capital

- Energy and Water Management Strategy
- Eco-social and eco-environmental lending Book. (More detail in the ESG section).
- Eco-environment lending book KShs. 2.2 Billion (29% increase).

## KEY IMPACT ON OUR KEY STAKEHOLDERS



### Shareholders

- Dividends Paid- KShs. 8.8B (Payout Ratio of 40%)
- Earnings Per Share - KShs. 3.72 (30% increase)
- Quarterly Briefings on performance and Strategy.



### Customers

- Innovative and lending collection solutions (Deposits: KShs. 423.8 B, Loans: KShs. 339.4B)
- NPS Score: 55.5
- Omnichannel Platform – 93.4 Million transactions
- Non-Financial Services: 170,000 MSMEs onboarded.



### Employees

- Job Created – 4,864 (7% growth)
- Salary & Bonus paid: KShs. 14.8 Billion (11% growth)
- Employee Training: KShs. 72.6 Million
- Wellness Webinars/talks: 337



### Co-operative Movement

- Dedicated Co-operatives Banking Division offering tailored solutions
- Co-op Consultancy Agency – 21 dedicated consultants.
- KShs. 8.8 Billion paid in dividends.



### Regulator

- Compliance to all regulatory requirements.
- Extension of credit to MSME's through the National Treasury Credit Guarantee Scheme.
- Formulation and review of ICAAP.



### Suppliers

- KShs. 14.8 Billion paid to suppliers
- 93.5% payment to local suppliers.
- Tendering protocol to ascertain fair competition and transparency.
- Vendor relation office to support faster processing, augmented by ERP system.



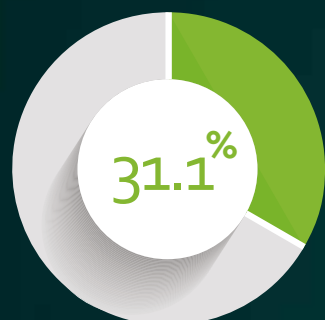
### Community

- 9,553 students educated (14% increase)
- Over 3,265 consultancies undertaken.
- 111 internships supported.
- KShs. 7.4 Billion paid in taxes
- KShs. 150 Million donated for drought relief.
- Enhanced ESG Policy Framework

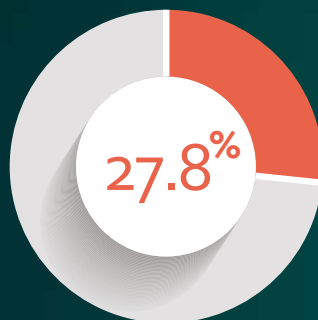


## Economic Value Created in 2022

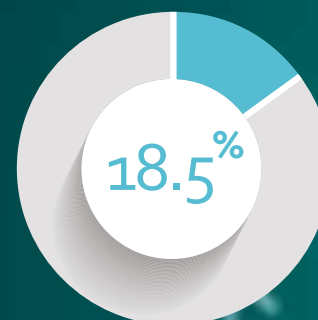
**KShs. 47.5B** 2021  
KShs.39.6B



Employees Salaries wages & Other Benefits



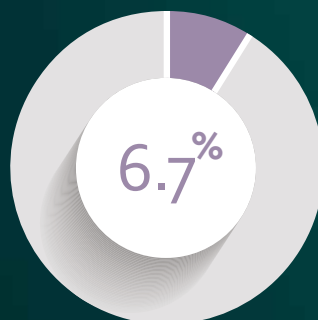
Retained Earnings



Shareholders Dividends



Government Tax



Depreciation and Amortization



Social Capital Co-op Bank Foundation



# Our Strategic Focus







# Strategic Focus

## Key highlights

At the Co-operative Bank, we are adapting to a dynamic banking environment characterized by regulatory, changes disruptive models, and a diverse range of players. Our primary guiding principle is our steadfast commitment to creating long-term value for our stakeholders, which we believe is intrinsically linked to our Environmental, Social, and Governance (ESG) principles.

Recognizing the increasing relevance of digitalization for service delivery, efficiency, and sustainability, we also acknowledge the accompanying risks such as cybersecurity.

To address these changes, we constantly review and update our strategies, striving to merge digital transformation with a commitment to a greener, socially responsible future. Our Corporate Strategic Plan (2020-2024) is a reflection of these commitments, focusing on sustainable growth, risk mitigation, and efficient resource deployment.

Our strategic ESG objectives for 2022/2023 include: asserting our dominance in the Kenyan market through inclusive and sustainable growth;

strengthening our role in the Cooperative Movement; enhancing the customer experience; pursuing operating efficiency through digitization and sustainable practices; managing risk and compliance while addressing emerging ESG risks; and creating a positive impact on society, the economy, and the environment.

Our approach to ESG informs all our activities and goes beyond just financial performance. Since 2014, we've embarked on a continuous transformation journey to align our growth and efficiency strategies with sustainable development goals.

Our aspiration is to strike a balance between becoming a 'Digital Bank' and a 'Green Bank'.



**Our multi-faceted approach to integrating ESG into our operations comprises:**

→ **Environmental stewardship**, reducing our carbon footprint, and promoting green initiatives;

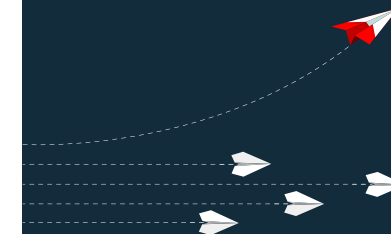
→ **Social responsibility** through financial inclusion, equal opportunities, and community development; and;

→ **Governance & ethics** with a focus on transparency, accountability, and regulatory compliance.

Additionally, we commit to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, regularly assessing and reporting on climate-related risks and opportunities.

### Strategic Pillars Progress

In our Integrated Report for 2022 we detail the progress on each of the strategic pillars  
<https://www.co-opbank.co.ke/investor-relations/integrated-reports/>





A renewed focus

Our ESG Journey in 2022

In 2022, the Bank embarked on a journey to integrate ESG considerations into its operations, achieving significant milestones along the way. The Bank defined key ESG governance matters to ensure the implementation of effective policies, procedures, and practices related to environmental, social, and governance issues that may impact its operations and stakeholders.

To support this process, the Bank enhanced the Board Charter, the terms of reference for the Board of Directors and Board of Management, to include specific ESG roles and responsibilities. They also established an ESG Champions Committee and a dedicated ESG Unit. Throughout the entire Group, including Divisions, Subsidiaries, and Control Functions, ESG champions were appointed.

A comprehensive ESG policy framework was developed and approved by the Bank’s Board of Directors. This framework guided the review of existing Bank policies, ensuring that ESG considerations are incorporated into policies and embedded in standard operating procedures. To enhance knowledge and expertise in ESG issues, principles, practices, and regulations, the Bank implemented enterprise-wide capacity building programs. Ongoing training conducted by external and internal subject matter experts aims to enhance the skills of employees and stakeholders. In 2022, the Bank published its ESG Policy.

Furthermore, to operationalize the ESG policy framework, ESG Key Performance Indicators (KPIs) were included in the targets for all champions at all levels of the organization for 2023. The Bank is committed to continuous ESG capacity building for its staff. Currently, 35% of the total staff have completed the Kenya Bankers Sustainable Finance Initiatives Training Modules I to III, which are available at <https://sfi.kba.co.ke>



To support ESG, we:

Defined key ESG governance matters

Enhanced the Board Charter and Terms of Reference

Established an ESG Champions Committee

Established adedicated ESG Unit & functions

Comprehensive ESG policy framework

Implemented enterprise-wide capacity building programs

# Our ESG Framework





# Our ESG Framework

Our ESG framework ensures that we integrate ESG considerations into decision-making processes and operations, and it ensures that we operate in a sustainable and responsible manner, while creating long term value for all stakeholders



# Our ESG Framework



<b>Environment and Climate Change</b>	<ul style="list-style-type: none"> <li>Supporting the transition to a low-carbon economy and reduce the impact of climate change</li> <li>Developing and offering green loan products and services for renewable energy, energy efficiency, and sustainable infrastructure projects.</li> <li>Collaborating with partners to promote innovative solutions for climate resilience, such as investing in projects addressing water scarcity or supporting sustainable agriculture.</li> <li>Committed to measuring our financed emissions and use this data to establish science-based targets aligned with the Paris Agreement’s goal of limiting global warming to well below 2°C.</li> <li>Implementing measures to reduce the Bank’s own operational carbon footprint, such as energy-efficient building design, reduced paper usage, and encouraging employee use of public transportation.</li> </ul>
<b>Responsible Resource Use</b>	<ul style="list-style-type: none"> <li>Encourage the responsible and efficient use of resources through the Bank’s operations.</li> <li>Implementing waste reduction strategies by establishing recycling programs, eliminating single-use plastics, and promoting paperless transactions and communications.</li> <li>Optimizing energy use by implementing energy-efficient technologies in bank facilities, such as installing LED lighting, utilizing smart thermostats, and employing energy management systems.</li> <li>Encouraging the use of renewable energy sources by installing solar panels on bank premises</li> <li>Promote water conservation measures by installing low flow fixtures, and performing regular maintenance to minimize water leaks.</li> </ul>



# Our ESG Framework

## Financial Inclusion



### Enable access to financial solutions supporting economic development and reducing inequality

- Expanding digital banking platforms and increasing our branch and ATM presence in underserved areas.
- Offering financial education through workshops, online resources, and personalized consultations.
- Developing tailored loan products for underserved communities, with competitive interest rates and reduced barriers.
- Providing specialized financing solutions, mentorship programs, and resources for micro, small and medium enterprises

## Economic Inclusion



### Promote financial intermediation in the economy

- Supplying investment capital and loans for initiatives increasing affordable housing, job creation, and supporting a just and orderly transition.
- Facilitating trade and investment flows between countries and key global markets.
- Supporting sustainable infrastructural development and upgrades for economic growth.
- Contributing to the country’s prosperity and stability by ensuring timely payment and facilitation of tax collection

## Social Inclusion



### Empower and build resilience in the community, especially for the underserved

- Investing in employee health, safety, and wellbeing.
- Financing health, water, and sanitation infrastructure and projects.
- Increasing access to inclusive, quality education.
- Fostering job creation and staff development.
- Promoting employee diversity and equal gender access to financing.
- Engaging in corporate social responsibility initiatives and social investments.

ESG Policy Statement

→





Environmental, Social and Governance (ESG) Policy Statement

Introduction

Co-operative Bank of Kenya Ltd was formed by Co-operators through their Co-operative Societies in 1968 to ensure delivery of affordable financial services to the Co-operative movement for maximum benefit of the societies’ members. Sustainability is thus the backbone of our strategy and operations to date.

Co-operative Bank Group is committed to transforming lives and being a responsible corporate citizen. The Bank believes that sustainable development and sustainable profit growth are complementary to each other and create a positive impact on the economy, society, and the environment.

Co-operative Bank Group is a responsible financial partner and supports the UN Sustainable Developments Goals (SDGs) by developing products and services aimed at addressing challenges identified by the SDGs with the support of the Co-operative movement, customers, funding partners, investors, and all other stakeholders.

Our ESG Policy

*We are fully committed to sustainable development and to achieve positive environmental & social outcomes with good governance.*

The Co-operative Bank Group objectives under this policy are:

- To incorporate strong environmental, social, and corporate governance principles throughout all operations and business activities.
- To comply with relevant national laws, regulations and agreements on the environment, climate change, health, safety, and social issues to which the Group subscribes to and in the countries it operates in.
- To evaluate and manage environmental and social impacts when developing policies, products, or major change initiatives.
- To communicate this policy to internal and external stakeholders as part of regular reporting.

This policy shall be applied enterprise-wide and covers all material operations, including geographies, corporate functions, and business units of the Co-operative Bank (Co-op Bank) Group.

Signed:



DR. GIDEON MURIUKI – CBS, MBS

GROUP MANAGING DIRECTOR & CEO

NOVEMBER 2022

# Our Approach to ESG

Since its establishment in 1968, The Co-operative Bank has been dedicated to providing sustainable and accessible financial services. Our mission is to improve the lives of millions through innovative solutions rooted in the values of the Co-operative Movement. We prioritize environmental, social, and governance (ESG) considerations through a comprehensive policy framework. Our Board of Directors ensures that our corporate governance is built on responsibility, accountability, fairness, and transparency.

Environmental responsibility is a fundamental aspect of our operations. We strive to minimize our impact on natural resources and the environment for future generations. Additionally, we are committed to fostering societal growth, reducing poverty, and enhancing financial inclusion and shared prosperity in Kenya. By integrating ESG principles into all areas of our work, we aim to deliver both financial performance and long-term value to our stakeholders. Our goal is to create positive change while maintaining sustainable business practices.



## Sustainability through policy and governance in Co-op Bank is deep-rooted. Our commitment is aligned to the following:

GLOBAL	NATIONAL	INDUSTRY	CORPORATE
<ul style="list-style-type: none"> <li>→ UN SUSTAINABLE SUSTAINABLE DEVELOPMENT GOALS (SDGs)</li> <li>→ INTERNATIONAL FINANCE CORPORATION EXCLUSION LIST &amp; PERFORMANCE STANDARDS</li> </ul>	<ul style="list-style-type: none"> <li>→ KENYA'S VISION 2030 AND THE BIG FOUR AGENDA (ACCELERATES VISION 2030)</li> </ul>	<ul style="list-style-type: none"> <li>→ KENYA BANKERS' ASSOCIATION SUSTAINABLE FINANCE INITIATIVES GUIDELINES</li> <li>→ CBK GUIDANCE ON CLIMATE RELATED RISK MANAGEMENT</li> <li>→ NSE ESG DISCLOSURE</li> <li>→ GUIDANCE MANUAL</li> </ul>	<ul style="list-style-type: none"> <li>→ OUR CORPORATE STRATEGIC PLAN (2020-2024) THEME 6: POSITIVE IMPACT ON ECONOMY, SOCIETY &amp; ENVIRONMENT</li> <li>→ OUR ESG POLICY FRAMEWORK OUR ESG ROADMAP</li> <li>→ OUR CLIMATE RELATED RISK MANAGEMENT ROADMAP</li> </ul>





# ESG Integration

16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



17 PARTNERSHIPS  
FOR THE GOALS



## Strong Corporate Governance Practices

Collaborating with international  
financial institutions to achieve  
common goals.

Upholding strong business  
ethics and integrity, prioritizing  
customers, community, and the  
planet.

Developing and integrating a  
formalized ESG operating model  
within the bank.

Implementing comprehensive  
enterprise risk management  
strategies





# ESG Best Practice: An Industry Leader in ESG

Our Board of Directors has ingrained ESG responsibilities within their Charter and terms of reference, reflecting our firm commitment to strong ESG governance at the highest levels.

To operationalize our ESG policy, we've established a cross-functional ESG Committee, ensuring diverse insights and perspectives in decision-making.

We've appointed ESG champions across all divisions, control functions, and subsidiaries, fostering a culture of sustainability throughout our organization.

A robust, Board-approved ESG Policy Framework guides our approach to sustainability, focusing on areas such as ESG risk management, climate-related risk integration, and the development of a Sustainable Finance framework.

The integration of ESG principles into our daily operations is facilitated by a dedicated ESG Unit, which oversees the alignment of our business practices with ESG objectives.

Our Environmental and Social Management System (ESMS), approved at the board level, ensures that we consistently consider and manage environmental and social impacts in our operations.

Our ESMS is adapted from International Finance Corporation (IFC) guidelines, attesting to its alignment with globally recognized standards.

A testament to our commitment to responsible lending is the application of the IFC exclusion list in all our credit practices, thus ensuring we do not finance harmful activities.

We proudly adhere to the Kenya Bankers Association's Sustainable Finance guiding principles and minimum standards, reinforcing our dedication to sustainable financial practices.

Beyond our internal practices, we actively contribute to environmental and social sustainability through partnerships with development financial institutions and by offering special credit lines for E&S initiatives.

ESG Governance

Strategic, Board-led ESG Integration Ensures Sustainable Future

At Co-operative Bank, we view strong governance as a cornerstone of our approach to managing our environmental and social impacts. Our governance structure, deeply woven into our operational fabric, reinforces our commitment to transparency, accountability, and strategic decision-making with ESG considerations at its heart.

The oversight of ESG including climate-related risks and opportunities is directly embedded in the responsibilities of the Board of Directors and the Board Risk Committee.

Our Board Charter guides the Board in ensuring long-term sustainability by mandating the integration of Environmental, Social, and Governance (ESG) considerations and climate-related risk management into our strategies, business objectives, and risk management framework.

This commitment has been reinforced by a comprehensive plan submitted to the Central Bank of Kenya outlining our approach to implement the CBK's Guidance on Climate-related Risk

Management. The Board approved this plan, symbolizing its dedication to climate governance.

The Board Risk Committee reviews and approves policies and programs that support ESG and Climate change matters, including our newly developed Environmental, Social, and Governance Policy Framework. This framework incorporates an ESG framework, our Environmental and Social Management System (ESMS), our ESG Risk Management Framework, and our climate-related risk management and integration framework. The committee is responsible for overseeing the integration of ESG into our Risk Management Framework, thereby ensuring we stay abreast of material risk exposures, including those arising from climate change and other ESG risks

Our Bank's management is essential in implementing our ESG and Climate Change strategy. The Board of Management, as outlined in its terms of reference, approves the Bank's ESG strategy and commitments, and oversees their implementation

as per the roadmap approved by the Board Risk Committee.

In order to execute these strategies efficiently, the Bank has established the ESG Champions Committee and ESG Unit, with the former playing a significant role in proposing ESG strategies, identifying and mitigating ESG-related risks, and formulating the Bank's ongoing climate change plans. The ESG Committee also regularly updates the Board of Management on key ESG issues. This Committee meets weekly, exemplifying the active and ongoing governance process at the heart of our ESG program.

Our Risk Management Department is also pivotal in our ESG strategy, providing the Board Risk Committee with updates on significant policy initiatives and developments concerning climate-related risk issues and ensuring transparency of our ESG policies and activities.

We have also identified ESG Champions across all functional and divisional units within the Bank.

These Champions ensure appropriate assessment, transparency, and comparability in setting ESG-related engagements across the Bank's activities. This initiative is supported by comprehensive training toolkits for the Risk Management Department and ESG Champions, promoting a climate-conscious culture across our organization.

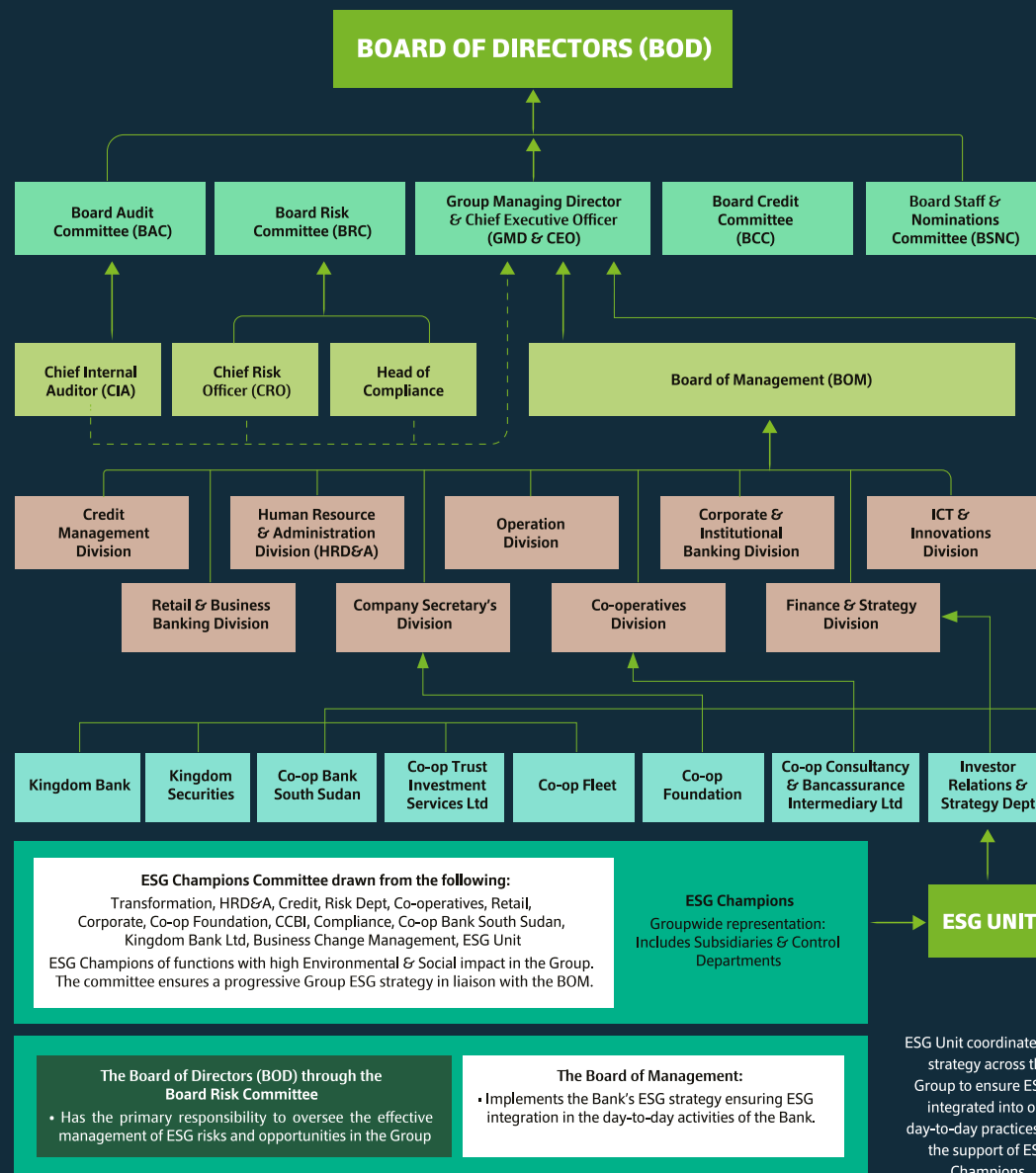
Looking forward, we are currently determining the scope of coverage and time horizon for climate-related scenarios. By June 2023, we aim to make climate-related disclosures to further our commitment to transparency.

This structured approach, engaging all levels of the organization, ensures effective management of climate-related risks and opportunities, driving our commitment to long-term sustainability

The figure below depicts our ESG governance model a which enable the implementation and monitoring of our ESG strategy at all levels, from the board of directors to our business and corporate functions.



# Governance Structure





# Our ESG Risk Management Framework

At the Co-operative Bank, we proudly navigate the multifaceted landscape of Environmental, Social and Governance (ESG) risks with expertise and dedication. Recognizing the crucial role of environmental stewardship, we actively mitigate risks associated with climate change and environmental degradation while ensuring optimal resource use. Our operations are attuned to the delicate balance of nature, minimizing our footprint and promoting sustainability.

Our responsibility extends beyond environmental concerns, directly into the lives of people and communities. With a keen eye on social factors, we're not just a bank, but a committed player in creating a more equitable society. By addressing issues like

labor relations, workplace safety, and inclusiveness, we mitigate associated risks while fostering a socially responsible business environment.

Moreover, in maintaining impeccable governance standards, we mitigate the risks posed by inadequate management or non-compliance with corporate frameworks. Adherence to a robust governance code and active stakeholder relations guides us in making ethical, transparent, and accountable decisions, bolstering the trust placed in us by our clients and stakeholders.

Our proactive stance on managing climate-related risks encompasses both physical hazards like storms, floods, fires or heatwaves and transition risks related to policy changes or technological advancements.

We undertake rigorous stress testing and scenario analyses, evaluating potential future scenarios to anticipate and manage any adverse impacts effectively.

Our ESG risk management is seamlessly integrated into our business strategies and processes. With continuous monitoring of the changing business environment, setting strategic ESG risk-related objectives, engaging with relevant stakeholders, and considering the development of sustainable products, we ensure long-term economic resilience.

Our approach to quantifying ESG risks through well-known taxonomies and standards further strengthens our commitment to a sustainable future.

Regular review, revision, and reporting of our ESG risks form an integral part of our management framework, enhancing our readiness to adapt to changes in a dynamic landscape. Our comprehensive ESG risk management approach truly sets us apart, reflecting our unwavering commitment to creating a sustainable, equitable, and prosperous future for all.

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Actively mitigating  
climate change risks

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Ensuring optimal  
resource use

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Setting strategic ESG  
risk-related objectives

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Reducing our footprint &  
promoting sustainability







# Material Topics

# Material Topics

**As a financial services provider, we take pride in being a driving force for economic growth in our country and positively impacting the lives of millions**

OUR MATERIAL TOPICS ASSESSMENT PROCESS INVOLVES A COMPREHENSIVE AND SYSTEMATIC APPROACH TO IDENTIFY AND ADDRESS MATERIAL ISSUES RELEVANT TO SUSTAINABLE DEVELOPMENT



As a financial services provider, we take pride in being a driving force for economic growth in our country and positively impacting the lives of millions. To achieve this, we prioritize both financial performance and integration of ESG principles into our daily operations.

Our ESG strategy is derived from our materiality assessment that focuses our attention to our most important topics while helping us deliver long-term value to our stakeholders.

To play our part in creating a sustainable future for society, we focus on areas where our portfolio and service offering generates the most significant

economic, social, and environmental impact related to the objectives of the Sustainable Development Goals (SDGs) and other relevant national and international frameworks which define material factors to be referenced in building a more sustainable future.

Our material topics assessment process involves a comprehensive and systematic approach to identify and address material issues relevant to sustainable development.

We start by identifying all material issues that could impact our long-term ability to create value for all stakeholders.

These issues are then ranked based on their level of impact and integrated into our strategy to prioritize sustainable value creation. Our material topics are integrated into our key performance indicators, allowing us to monitor and track our progress in delivering sustainable value to all stakeholders.

Our sustainability reporting is examined and approved by the Board of Directors as part of the integrated annual report. In doing so, attention is paid that all material topics are covered. This approach ensures that our sustainability initiatives are aligned with our strategic objectives and that we are continuously working towards creating a positive impact for all stakeholders.

## → Identification

We identify all material issues that could impact on our strategic ability to create long term value for all our stakeholders. We do this by engaging the entire Co-op Bank Group throughout the exercise. This gives us all material matters from all our stakeholders covering Economic, Environmental and Social aspects as embedded in our Sustainability undertaking.

## → Prioritization

We rank all identified issues from the ones with the most impact to the least.

## → Integration

We integrate the material issues that have the most impact into our strategic focus to ensure sustainable value creation in the Short term, Medium term and Long term. Integration is embedded into our KPI performance management System.

## → Monitoring

We monitor the material matters periodically to ensure that our strategy will deliver sustainable value to all our stakeholders.

# Our material topics are grouped into three key themes of Environmental, Social and Governance

<div>  </div> <div>ESG Pillars</div>	<div>  </div> <div>Material Topic</div>	<div>  </div> <div>Our Approach</div>
<div>→ ENVIRONMENTAL</div> <div>Environment &amp; Climate Change</div> <div>Responsible Resource Use</div>	<div>→ ENVIRONMENTAL</div> <div>Resource use (water, electricity, fuel)</div> <div>Energy efficiency</div> <div>Waste Management &amp; Pollution</div> <div>Green financing</div> <div>Climate Change</div>	<div>→ FOR EACH MATERIAL TOPIC, WE LOOK AT THE FOLLOWING:</div> <div>Existing and emerging risks</div> <div>Opportunities</div> <div>Our response and management to the risks and opportunities</div> <div>Key Outcomes Indicator</div>
<div>→ SOCIAL</div> <div>Financial Inclusion</div> <div>Economic Inclusion</div>	<div>→ SOCIAL</div> <div>Financial and economic inclusion</div> <div>Employment quality</div> <div>Training and development</div> <div>Stakeholder engagement</div> <div>Labour standards/ rights</div> <div>Occupational Health and Safety</div> <div>Supplier engagement</div> <div>Data security and privacy</div> <div>Product quality and access</div> <div>Philanthropy and Foundation Work</div> <div>Diversity</div>	
<div>→ GOVERNANCE</div> <div>ESG Integration</div>	<div>→ GOVERNANCE</div> <div>Corporate governance quality</div> <div>Regulatory compliance</div> <div>Integrity and transparency</div> <div>Accuracy and timeliness of information</div> <div>Business ethics</div>	

The SDGs

Environmental

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

Social

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

# GOVERNANCE

- Statement of Corporate Governance
- Governance Practices
- Integrity & Transparency
- Corporate Governance Quality
- Statement of Corporate Governance
- Accuracy & Timeliness
- Bancassurance
- Regulatory Compliance
- Enterprise Risk Management
- Stakeholder Engagement





# Statement of Corporate Governance

The Board's commitment to good corporate governance, has been recognized by the Capital Markets Authority through the leadership rating received, which attests to the Board's focus on providing strong oversight across the organization. The Board's dedication to treating all shareholders equitably is reflected in the policies and strategies developed to manage relations with its key stakeholder groups, which will continue to guide our operations and decision-making in future.



The Co-operative Bank has a well-established corporate governance structure which is critical to the maintenance of business integrity and stakeholders' trust. Our corporate governance values are founded on the pillars of responsibility, accountability, fairness, and transparency, which are aligned to CMA's code of Corporate Governance. Our policies, principles and practices are designed to focus on our responsibilities to shareholders and other relevant stakeholders and on creating long-term shareholder value.

Our board charter distinguishes the responsibilities of the Board from those of Management and outlines the Board Members responsibilities towards the application of the corporate governance policies and procedures for the Bank and internal control. The Board's contribution is invaluable in shaping and monitoring the Bank's overall strategy, with a strong emphasis on prioritizing sustainability. By actively engaging in this process, the Board ensures that our strategic decisions align with our commitment to environmental and social responsibility. The Board approved the Bank's Corporate Strategic Plan for 2020- 2024 as part of its responsibilities to ensure that it is aligned with the Bank's purpose, mission, and vision, and that the plan is implemented effectively and efficiently by management. Additionally, the Board of Directors (BOD) actively monitors the results of the business on a quarterly

basis. These responsibilities are an essential part of our commitment to ensuring the long-term success of the Bank and delivering value to all our stakeholders.

The Board ensures that all Directors and Management are fully aware of the bank's corporate governance policies, practices, and values through meetings, circulars, website updates, and other forms of communication. The Board of Directors leads by example, promoting sustainable corporate governance through ethical behaviour, transparency, and accountability. All Board Committees, including the Board Risk, Audit, Staff & Nomination, and Credit committees, are governed by written charters and terms of reference that outline their mandate, authority, duties, composition, leadership, and working processes. These charters are periodically reviewed and updated to ensure continued relevance and effectiveness.

The Board's commitment to good corporate governance has been recognized by the Capital Markets Authority through the leadership rating received, which attests to the Board's focus on providing strong oversight across the organization. The Board's dedication to treating all shareholders equitably is reflected in the policies and strategies developed to manage relations with its key stakeholder groups, which will continue to guide our operations and decision-making in future.

# Our Governance Practices

The Board sets targets, approves business plans, and receives reports on the macroeconomic environment, industry review, and Group performance.

## BOARD OPERATIONS AND CONTROL

The Co-operative Bank has implemented robust policies for good corporate governance. The non-executive Chairman leads the Board, while measures are in place to oversee sustainability, including environmental and social risks. Transparent procedures govern the nomination and appointment of new Board members, maintaining an appropriate Board size.

Our diverse Board composition comprises members with varied skills and experience, and policies limit simultaneous board positions. We ensure compliance with laws, regulations, and standards, conducting regular audits of strategic business units.

## BOARD COMPOSITION

Our committed Board fosters diversity in all its forms, valuing diverse perspectives and experiences. With a highly skilled and experienced composition, including independent directors, they make informed decisions for all stakeholders.

The board size is adequate, fulfilling essential roles in committees for sustainable growth and robust governance. One third of directors retire by rotation, offering continuity and smooth transitions at each Annual General Meeting.

## BOARD ATTENDANCE

The Board holds scheduled meetings, with an annual plan prepared in advance. The Chairman, an independent non-executive board member, provides leadership, while the Group Managing Director handles executive management. Guidelines ensure directors receive necessary information, and the Company Secretary attends meetings.

The Board sets targets, approves business plans, and receives reports on the macroeconomic environment, industry review, and Group performance. The Group Managing Director implements Board decisions with support from the Board of Management.

For more detailed information on board attendance, including an attendance summary, please refer to PG.111 of our Annual Integrated Report.

## BOARD COMMITTEES

The Bank’s Board delegates authority to sub-committees, enhancing responsibility and governance. Chaired by independent directors, the Credit, Audit, Risk, and Staff & Nomination Committees oversee lending policy, financial reporting, risk management, compliance, and human resources. Committee meetings are held regularly to ensure effective oversight.

For more detailed information on board please refer to PG.114 of our Annual Integrated Report.

Our Governance Practices

| CONTINUED 2

Committed to ensuring the highest standards of integrity and ethical conduct & has put in place policies to mitigate against conflicts of interest

BOARD CHAIRMAN AND GROUP MANAGING DIRECTOR & CEO	BOARD REMUNERATION	CODE OF CONDUCT AND ETHICS	CONFLICT OF INTEREST
<p>The Board has established a clear separation of roles and responsibilities between the Chairman of the Board, who is an independent non-executive board member, and the Managing Director &amp; CEO.</p> <p>The Chairman provides overall leadership to the Board in line with principles of collective responsibility for Board decisions, while the Group Managing Director is responsible for executive management and the day-to-day operations of the Bank. The Board has delegated authority to the Group Managing Director to implement Board decisions with assistance from the Board of Management, which he chairs.</p>	<p>The Board establishes transparent remuneration policies to attract and retain directors. A Board Staff &amp; Nominations Committee, chaired by an independent non-executive director, ensures alignment with industry benchmarks. Director remuneration requires shareholder approval at the Annual General Meeting. Non-executive directors receive a monthly retainer and sitting allowances but are not eligible for pension schemes or bank remuneration schemes.</p> <p>Compensation includes session allowances and an annual honorarium based on performance. Emoluments and fees are detailed in the Directors' Remuneration Report in the audited Financial Statements section. Executive management includes the Group Managing Director, Divisional Directors, and MDs of subsidiaries. A performance-based bonus system applies to all staff, including unionizable employees. Loans to non-executive directors or their controlled companies were made under normal business terms, without impairment allowances.</p>	<p>The Co-operative Bank has a publicly available code of ethics and conduct, overseen by the Board of Directors. The bank integrates ethical standards into its policies and procedures, provides regular training, and communicates the code to employees. The code emphasizes compliance with regulatory standards and requires stakeholders to act ethically, in the best interests of the bank, and in accordance with laws and regulations.</p> <p>Insider trading is prohibited, and the bank incorporates ethical and sustainability considerations into its risk management process. The bank's ethical performance is assessed and disclosed through various reports to internal and external stakeholders.</p>	<p>The Board is committed to ensuring the highest standards of integrity and ethical conduct and has put in place policies to mitigate against conflicts of interest, which requires directors, their immediate families, and companies in which directors have interests to only do business with the Bank at arm's length.</p> <p>Directors are required to declare any potential conflicts of interest and exclude themselves from any discussions or decisions related to the matter. Additionally, directors have a duty to avoid situations that could lead to conflicts of interest, such as appointment to positions or acquisition of significant interests in business competing with the bank.</p>

# Our Governance Practices | CONTINUED 3

## The Board of the Bank has a policy on related party transactions in accordance with the guidelines issued by the Capital Markets Authority

### RELATED PARTY TRANSACTIONS

The Board of the Bank has a policy on related party transactions in accordance with the guidelines issued by the Capital Markets Authority. All related party transactions undergo a thorough review to ensure that they meet the requirements of the law and are approved by the Audit Committee and/or the Board of Directors.

The Bank discloses all related party transactions, and the same are recorded in the declaration of interest register in line with the CMA guidelines. All business transactions with directors and related parties are disclosed in the notes to the financial statements, ensuring transparency and accountability.

### TRANSPARENCY AND DISCLOSURE

This Annual Report is prepared on an integrated basis using frameworks available from the Integrated Reporting Council and the Global Reporting Initiative (GRI). To ensure that the Bank discloses all material information in a timely and balanced manner, the Bank has policies and processes in place in compliance with all applicable laws, regulations, and standards as well as the Capital Markets Authority (CMA) guidelines. In the 2021 corporate governance assessment by the Capital Markets Authority (CMA), the Bank received a leadership rating for its transparency and disclosure. This Annual Report covers, at a minimum, the disclosures the Bank’s governance, the Board, and the Audit Committee, mission, vision, and strategic objectives, and remuneration and whistleblowing.

### WHISTLEBLOWING POLICY

The Co-operative Bank has established and implemented a whistle-blowing policy which is publicly available on its website at <https://www.co-opbank.co.ke/whistleblowing/> and email [tellittoHR@co-opbank.co.ke](mailto:tellittoHR@co-opbank.co.ke) that provides a platform for employees and other stakeholders to report any unethical behaviour or violations of the Ethics Code and Conduct.



### ACCOUNTABILITY, RISK MANAGEMENT, AND INTERNAL CONTROL

The Bank prioritizes compliance with laws, regulations, and standards through dedicated departments and independent oversight. These departments report directly to the Board committees. A comprehensive compliance program includes training, reviews, and assessments. The Bank received a leadership rating in accountability, risk management, and internal controls. External advisors are engaged when necessary, and ongoing monitoring keeps policies up-to-date and effective.

### IT GOVERNANCE

The Co-operative Bank of Kenya recognizes the importance of IT governance in achieving strategic objectives and managing risk. The Board of Directors oversees IT governance, ensuring alignment with technology advancements and regulations. The bank has established a comprehensive IT Governance Charter and policies that provide a framework for decision-making and accountability. These policies are regularly reviewed and updated to meet best practices and strategic goals. The Board and senior management collaborate to integrate IT strategy with business processes, driving efficiency and enhancing customer experience. The Board actively monitors IT strategy implementation to support overall goals. By adhering to these principles, the bank aims to maintain a secure and innovative technology infrastructure while minimizing risk and ensuring compliance.





# Integrity and transparency



## Risks Managed

- Insider trading: Employees potentially exploiting non-public info for securities trading.
- Bribery and corruption: Risks from offering, soliciting, or accepting illicit payments.
- Fraudulent activities: Financial and reputational risks from fraudulent actions by employees or outsiders.
- Misleading financial statements: Risks from providing incorrect or deceptive financial data.
- Money laundering: Threats posed by the process of legitimizing illegally acquired funds.
- Disclosure of sensitive information: Risks from unauthorized or accidental release of confidential data.



## Opportunities

- Promoting integrity and transparency can improve investor confidence, enhance the Bank's reputation, and lead to long-term value creation.



## Our Response & Management

- Enforced code of conduct and whistle-blower policy.
- Regular audits, risk assessments, and employee training on ethical conduct.
- Strict accounting policies, with regular reviews and independent audit committee.
- Comprehensive anti-money laundering measures, including due diligence and transaction monitoring.
- Due diligence on business partners and vendors.
- Strict data protection policies, including access controls, encryption, and data security training.

# Corporate Governance Quality



## Risks Managed

- Fraudulent activities by employees or management leading to financial loss and reputational damage.
- Conflicts of interest leading to biased decision-making and breach of fiduciary duty.
- Lack of transparency and disclosure leading to loss of investor trust and regulatory penalties.
- Non-compliance with laws and regulations leading to legal and financial consequences.
- Poor board oversight leading to mismanagement and failure to meet fiduciary responsibilities.
- Ineffective risk management practices leading to increased exposure to risks and potential financial losses.



## Opportunities

- Ensuring strong corporate governance can improve investor confidence, enhance the Bank's reputation, and lead to long-term value creation.



## Our Response & Management

- Established policies and procedures to prevent discrimination in hiring, promotion, and lending, with regular compliance checks.
- Committed to equal opportunity employment.
- Maintained a balanced gender ratio.
- Actively promoted and supported women-led enterprises for capital access.
- Implemented cultural competency training for employees and regularly collected customer feedback.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



## Accuracy & Timeliness of Information



### Risks Managed

- Misreporting of financial statements
- Inaccurate disclosures and misstatements
- Delayed or incomplete financial reporting
- Inadequate or unreliable internal controls
- Breach of data confidentiality
- Inadequate data management systems



### Opportunities

- Providing accurate and timely information can improve investor confidence, enhance the Bank's reputation, and lead to long-term value creation.



### Our Response & Management

- Implemented effective internal controls for accurate financial reporting.
- Compliance with accounting standards and reporting requirements maintained.
- Transparency in financial disclosures with timely reporting.
- Regular review and improvement of data management systems and security protocols.
- Policies and procedures established to prevent data breaches and ensure customer data confidentiality.



### Risks Managed

- Fraud and corruption
- Anti-competitive practices
- Bribery and kickbacks
- Misrepresentation of products or services
- Money laundering
- Conflict of interest



### Opportunities

- Promoting ethical behaviour can improve investor confidence, enhance the Bank's reputation, and lead to long-term value creation.



### Our Response & Management

- We have implemented our code of ethics and conduct
- We have established an internal reporting system for ethical violations
- There are regular audits and monitoring of business practices



# Regulatory Compliance



## Risks Managed

- Breach of data privacy laws
- Failure to comply with capital adequacy requirements
- Violation of market conduct regulations



## Opportunities

- Ensuring regulatory compliance can improve investor confidence, enhance the Bank's reputation, and lead to long-term value creation.



## Our Response & Management

- Assigned responsibilities to specific individuals, regularly assessed compliance risks, and implemented controls for mitigation.
- Established an AML/CTF program, performed customer due diligence, implemented transaction monitoring systems, and conducted regular staff training.
- Implemented data privacy policies to secure customer data and ensured transparency in its usage.
- Established a capital management framework to maintain sufficient capital meeting regulatory requirements.
- Implemented internal controls and procedures for compliance with market conduct regulations, such as avoiding insider trading and market manipulation

Key Indicator	2022	2021
Number of AML/CTF capacity building programs	78	64
Number of significant monetary fines or significant non-monetary sanctions for non-compliance	0	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0
Confirmed incidents of corruption and actions taken	0	0



**Established an AML/CTF program, performed customer due diligence, implemented transaction monitoring systems, and conducted regular staff training.**



# Enterprise Risk Management

At the heart of the Group’s risk governance structure is the Board of Directors, responsible for overseeing the management of risks across the organization. To support the Board in this task, various committees have been established, including the Board Audit Committee, the Board Risk Committee, the Board Staff and Nominations Committee, and the Board Credit Committee.

At Co-operative Bank Group we recognize that effective Enterprise Risk Management (ERM) is a critical pillar of our business strategy and operations. We are committed to increasing shareholder value by developing and growing our business within our Board approved risk appetite, while keeping in mind the interests of all key stakeholders. We strive to maintain an appropriate balance between risk and reward, and continuously improve our risk management capabilities to deliver our growth plans in a controlled environment.

Our ERM approach is integrated and forward-looking, encompassing realized risks, current risks, and emerging risks, providing a comprehensive view of the risks facing the Group. We manage risk exposures within agreed levels of risk appetite to limit adverse variations in earnings and capital. This is so as to ensure that undue concentrations of exposure are minimized, potential losses from stress events are limited, and all financial resources remain adequate.

Additionally, the Group Managing Director & CEO is supported by the Board of Management, Asset and Liability Committee, Board of Management Credit, Expenditure Management Committee, Staff Disciplinary Committee, and the Operations & Efficiency Committee. The Chief Internal Auditor and Chief Risk Officer report to the Board Audit Committee and Board Risk Committee, respectively.

The Group has developed risk governance standards for each major risk type, which form the basis of policies and procedures at the Bank and Subsidiary level. These standards set the minimum governance, control, and reporting criteria for each risk, and the Board Risk Committee plays a critical role in assessing and monitoring risks to which the Group is exposed. The Group’s Risk Management Department collaborates with risk owners to identify and manage risks, and the organization maintains independence and appropriate segregation of responsibilities between business and risk.

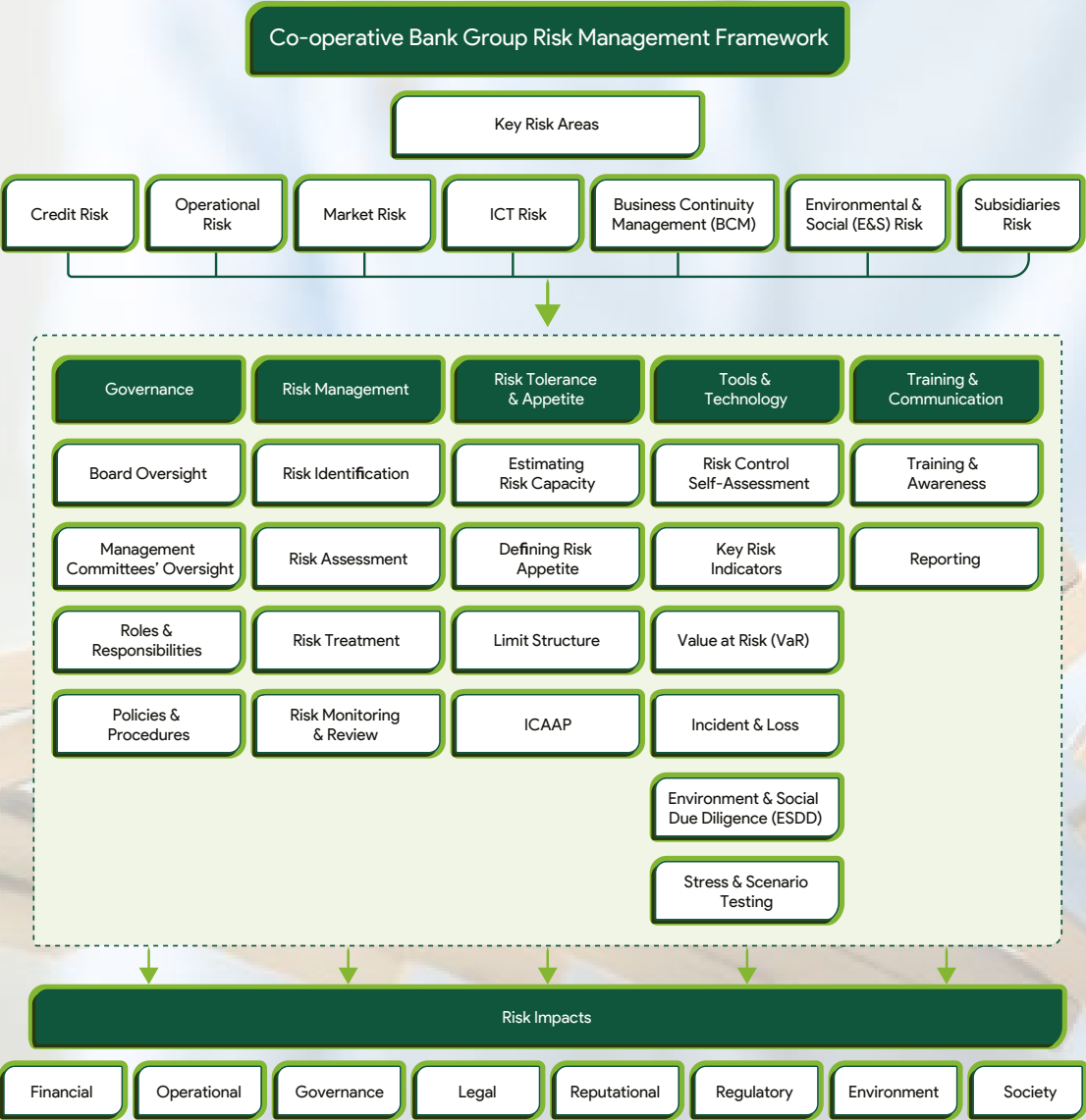
Developing and growing our business within our Board approved risk appetite





# Our Risk Management Framework

RESPONSIBILITY AND ACCOUNTABILITY FOR RISK MANAGEMENT IS SHARED ACROSS ALL LEVELS, FROM THE BOARD OF DIRECTORS AND BUSINESS UNIT MANAGERS TO ALL STAFF WHO HAVE BEEN SENSITIZED AND APPRAISED ON THIS EXPECTATION.



# Our Risk Management Process

Our risk management process is a structured approach to identifying, assessing, prioritizing, and mitigating risks that may impact on our ability to achieve its objectives.

The process typically involves identifying potential risks, assessing the likelihood and impact of each risk, and developing & implementing strategies to manage those risks. It also involves monitoring and reviewing the effectiveness of those strategies over time.

The Co-operative Bank recognizes that effective risk management is a critical component of our long-term success. As a responsible financial institution, we take a proactive approach to identifying, assessing, and managing risks that could impact our business objectives, stakeholders, and reputation.

Find a comprehensive overview of the Bank’s various risk categories and our approach to managing them in our Integrated Report (pg. 124).

COMPREHENSIVE RISK REPORTS  
<https://www.co-opbank.co.ke/investor-relations/integrated-reports/>



# Stakeholder Engagement





# Stakeholder Engagement

We place utmost importance on stakeholder engagement and adopt a stakeholder-inclusive approach to corporate governance, championed by our esteemed Board of Directors and Board of Management

Our commitment to fostering strong relationships with our stakeholders is exemplified by the leadership rating we received in the 2021 corporate governance assessment conducted by the Capital Markets Authority (CMA).

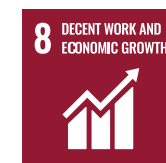
We actively identify key stakeholders and value their feedback, which serves as a valuable input in shaping our policies, procedures, and strategies. Regular reviews ensure the ongoing relevance and effectiveness of these initiatives.

Recognizing the unique interests and expectations of each stakeholder group, we strive to meet their needs while upholding transparency in our communications.

To address any concerns or disputes, we have implemented a formal dispute resolution process. Furthermore, we maintain open lines of communication to report on our ethical practices, ensuring alignment with our social and environmental responsibilities.

Committed to providing accurate and efficient feedback, we have dedicated a team of staff to facilitate seamless information exchange between stakeholders.

This enables us to deliver pertinent and up-to-date information about our performance to existing and potential shareholders, while actively addressing evolving concerns surrounding our ESG endeavors.







# Stakeholder Engagement:

## Customers



### Ways we Interact

- Solicit feedback by phone, in person, email and online including social media.
- Formal complaint-handling process
- Use of service surveys/questionnaires
- Customer engagements in webinars, training workshops, product launches and exhibitions



### Key ESG Concerns

- Business Ethics
- Customer service quality
- Dispute Resolution
- Fee changes
- Credit decisions
- Cybersecurity and data privacy
- Reliability of digital channels
- Product Quality and Suitability
- Continued impacts of COVID-19 on customers
- Disability sensitive facilities
- Ethical and sustainable sourcing practices
- Marketing and advertisement communications are truthful



### How we respond

- We firmly adhere to ethical and transparent business practices, guided by our Business Code of Conduct.
- Our priority is delivering exceptional customer service, validated by our Kenya Bankers' Association award.
- We utilize a centralized CRM system to ensure efficient dispute resolution.
- We have instituted a clear and defined process to manage customer grievances.
- Our fee structures are regularly reviewed and adjusted, maintaining transparency and competitiveness.
- Our credit decisions are grounded in robust risk management and adherence to regulatory requirements.
- Comprehensive security measures are in place to protect your cybersecurity and data privacy.
- We offer reliable and secure digital channels, subject to regular maintenance and updates.
- We design our products with the aim to exceed customer expectations.
- We comply with all regulations regarding product and service information and labelling.
- In response to COVID-19, we've implemented various relief measures to support our customers.
- We are dedicated to providing disability-friendly facilities and services to all our customers.
- We enforce ethical and sustainable sourcing practices with our suppliers.
- We maintain honest and truthful marketing and advertising practices.
- We uphold your trust, with no incidents of breaches in customer privacy or data loss.



# Stakeholder Engagement: Customers



**We are excited to announce that we will be upgrading our core banking system to the latest version of Finacle from Infosys, which was recently rated as the top global core banking system in 2022 by Gartner.**

This upgrade is part of our ongoing digitization journey to enhance our services and provide you with the most innovative and advanced banking solutions. Our new banking system will bring a host of benefits to you our esteemed customers, including:

**Enhanced Security:** The new system features advanced security measures that will help us to protect your data and assets more effectively.

**Improved Performance:** The new system is faster and more efficient, which means that we will be able to process your transactions and requests more quickly.

**Increased Flexibility and agility:** The new system is designed to be more flexible, allowing us to respond to your changing needs more effectively.

**Better User Experience:** The new system features a more intuitive and user-friendly interface, making it easier for you to access and manage your accounts.





# Stakeholder Engagement: Customers

## Omnichannel – Better accessibility & customer experience



We have successfully migrated our customers to the Omni-channel, integrating accessibility and user experience. Our omnichannel interfaces online banking through personal computers, mobile phones and USSD availing our services to all customers through their preferred channel yet retain the same experience from wherever they are.





# Stakeholder Engagement:

## Employees



### Ways we Interact

- Dedicated human resource business partners
- Employee performance discussions
- Employee coaching and assistance
- Employee complaint handling process & hotline
- Regular staff meetings
- Employee engagement surveys
- Employee training – virtual, face to face, eLearning, staff briefings etc



### Key ESG Concerns

- Employee financial and health wellness including mental health, work/life balance
- Career and skills development
- Role reengineering and training
- Compensation and recognition
- Improving work processes and tools
- Openness and accountability
- An objective and fair performance appraisal process
- Effective performance and reward system
- Equal opportunities for all staff
- Upheld labour standards
- Safe, accessible and healthy work environment
- Diversity and inclusion
- Responsible marketing and advertising practices
- Retirement Plans



### How we respond

- We actively promote employee wellness through health programs and work-life balance initiatives, with special provisions for new parents.
- We invest in our employees with various training, mentorship, and career development opportunities.
- Our Transformation Initiatives have elevated employee roles, providing high-quality customer service through well-trained and knowledgeable staff.
- We ensure fair compensation and recognition for our employees, reflecting their skills and performance.
- We constantly improve work processes and tools to boost productivity and job satisfaction.
- We foster a culture of openness and accountability, with numerous channels for employee feedback.
- We maintain an objective, fair performance appraisal system aligned with our bank's objectives.
- We reward exceptional performance with a comprehensive system, including bonuses, promotions, and recognition.
- We offer equal opportunities to all staff, upholding diversity and inclusion.
- We strictly adhere to all labour standards and regulations, maintaining a safe and healthy workplace.
- We value diversity and inclusion, with a non-discrimination policy to mirror the diverse communities we serve.
- We maintain responsible marketing practices, ensuring all advertising imagery is legally obtained, and models are compensated fairly.
- We provide retirement plans, contributing alongside our employees and making remittances to the National Social Security Fund (NSSF).





# Stakeholder Engagement:

## Employees

TOTAL PERMANENT  
STAFF

4,864

Key Indicators	2022	2021
Total permanent staff	4864	4505
Staff attrition (%) –Voluntary	6.2%	5.2%
Staff attrition (%) –involuntary	1.3%	1.7%
Sick off days	5684	6124
% Female staff members,	46%	47%
% male staff members.	54%	53%
% of our staff who are below 35 years	35%	35%
% of our staff who have disabilities	0.7%	0.6%
% Permanent staff	88%	90%
% Contract staff	12%	10%
% Subordinate staff	0.4%	0.4%
% of women in Senior management roles	34%	36%
No. of paternity leave applicants	157	180
No. of maternity leave applicants	170	177
Number of Leadership development programmes and number of leaders trained (E.g. high performing teams training)	9 Programs, 1431	11 Programs, 1692

# Wellness initiatives

## carried out in 2022

- Individual Counselling Sessions
- Group/Debrief Sessions
- Rehabilitation
- Family Health & Wellness Programs
- Financial Wellness Programs
- Individual Financial Coaching
- Mental Health Talks- Mental Health Champions Training
- Mental Health Training for Team Leaders
- Other Health Promotion Talks E.g. Cancer, Diabetes
- Covid-19 Support for staff
- Covid-19 Vaccination drive
- Covid-19 awareness talks
- Individual Counselling Sessions
- Rehabilitation
- Family Health & Wellness Programs
- Mental Health Talks



# Stakeholder Engagement:

## Shareholders & Investors



### Ways we Interact

- Annual meetings – virtual or one on one
- Shareholder relations phone and email channels
- Quarterly investor briefings
- Regular press releases
- Regular meetings with investors
- Industry conferences, summits
- Investor relations website



### Key ESG Concerns

- Impacts of climate change on Bank performance and strategy
- Social and economic equity and inclusion
- Regular, accurate and timely information
- System stability
- Cybersecurity and privacy
- Continued impact of COVID-19 on customers
- Governance, ethics, business conduct, internal controls, associated reputational impact
- Sustainable finance solutions
- Value created from digitization
- Mitigating supply chain risks
- Responsible marketing and advertising practices



### How we respond

- We've implemented a robust ESG framework, mitigating climate-related risks and capitalizing on low-carbon opportunities.
- We're dedicated to promoting social and economic equity, extending targeted financial solutions, partnerships, and philanthropy through our Co-op Foundation to underserved communities.
- Our committed investor relations team regularly provides shareholders with accurate and timely insights into our financial performance, strategic initiatives, and ESG activities.
- We maintain robust system stability, continuously monitoring and managing potential risks to ensure uninterrupted service.
- We prioritize client information protection and privacy, employing stringent cybersecurity measures and following industry best practices.
- We offer ongoing support to our COVID-19 impacted customers, including flexible payment plans, loan restructuring, and other relief measures.
- We uphold strong governance, ethical conduct, and robust internal controls, recognizing the importance of reputation management.
- We offer sustainable finance solutions, aiding the transition towards a more sustainable economy.
- We understand the value of digitization, continuously investing in technology to enhance client experience and develop innovative solutions.
- We actively manage supply chain risks, protecting our financial performance and reputation from potential issues.
- We adhere to responsible marketing and advertising practices, complying with the Marketing Operations Manual and the Code of Advertising Practice.



# Stakeholder Engagement: Co-operative Movement



## Ways we Interact

- Virtual and in person meetings
- Feedback surveys and questionnaires
- Email, telephone engagements with Co-operative relationship managers, the Contact Centre, Co-op Consultancy



## Key ESG Concerns

- Access to banking
- Meeting the needs of Co-operative movement customers
- Products/services value propositions and features Key ESG concerns
- Capacity building for Saccos
- Customer service and experience



## How we respond

- We continuously improve our mobile and online platforms, enabling customers to conveniently access banking services.
- We cater to the unique needs of our co-operative movement customers by providing tailored products and services, regularly engaging to understand and meet their evolving needs.
- Our products and services are designed with customer-centric value propositions, striving to exceed their expectations.
- We're committed to building the capacities of Saccos, providing training and support through our Co-op Consultancy and Bancassurance Intermediary Agency.
- We prioritize excellent customer service, having dedicated teams to assist customers and actively seeking feedback from co-operative leaders to enhance our service levels.



**KES.**  
**5.68B**

## One Movement, One Bank

- Co-operative movement is a strategic shareholder of the bank, owning up to 64.56%
- Co-op Holdings Cooperative Society (Comprising of 3,810 shareholders ) received dividends of Kshs. 5.68 Billion in 2022
- This is a Kshs.1.50 for every Kshs. 1.00. An exemplary return for the Co-operative Movement



# Stakeholder Engagement:

## Industry Associations



### Ways we Interact

- Membership
- Participation in forums, summits
- Participate in working groups



### Key ESG Concerns

- Engagement with members to propose regulations
- Meeting customer needs and expectations
- Promote fair and ethical competition
- Responsible Marketing and Advertising



### How we respond

- We actively participate in industry associations like the Kenya Bankers Association, keeping us informed about best practices and industry standards.
- Valuing feedback from industry associations, we're committed to aligning our operations with regulatory changes and standards, ensuring timely compliance.
- We focus on meeting customer needs by continuously enhancing our products and services, leveraging insights from industry associations.
- Working closely with industry associations, we promote fair and ethical competition beneficial to the financial industry.
- We uphold responsible marketing and advertising, avoiding comparative advertising that could negatively portray competitors.
- Membership in associations fosters valuable relationships, providing insights that help us continuously improve service offerings and align our operations with industry best practices and evolving customer needs.





# Stakeholder Engagement:

## Regulators and Policy Makers



### Ways we Interact

- Periodic returns
- Feedback surveys and questionnaires



### Key ESG Concerns

- Responsible Banking
- Financial inclusion
- Financial crime controls
- Integrity and transparency in reporting
- System stability
- Covid-19 impact on credit & credit risk
- Timely submission of returns
- Corporate governance, conduct
- Cybersecurity and data security
- Management of customer complaints
- Compliance with tax laws and regulations
- Enforcement of labour laws and regulations
- Compliance with competition laws
- Suppliers and service providers compliance with relevant laws
- Regulatory compliance in advertising and marketing practices.
- Responsible marketing and advertising



### How we respond

- We adhere to responsible banking via the Kenya Banking Sector Charter, promoting financial inclusion with accessible and diverse services.
- We combat financial crimes via strong controls, maintain integrity in reporting, and prioritize system stability.
- We monitor the Covid-19 impact on credit risk, submit timely and accurate regulatory returns, and uphold high corporate governance standards.
- We prioritize cybersecurity and customer data protection, handle customer complaints efficiently, and ensure compliance with tax and labor laws.
- We abide by competition laws, ensure suppliers' compliance with relevant laws, and maintain responsible marketing and advertising practices, with no incidents of non-compliance, as a member of the Marketing Society of Kenya.

Key Indicators	2022	2021
Incidents of non-compliance concerning marketing communications	0	0
Incidents of non-compliance concerning product and service information and labelling	0	0
Incidents of non-compliance concerning marketing communications	0	0



# Stakeholder Engagement:

## Government



### Ways we Interact

- Government banking teams
- Dialogue through industry associations Key ESG concerns



### Key ESG Concerns

- Working with government to help with post-pandemic economic recovery
- Data security and privacy
- Working towards economic inclusion and equality
- Adequate tax contribution to public finances



### How we respond

- We actively collaborate with the government for post-pandemic economic recovery.
- We prioritize data security, privacy, and comply with relevant regulations.
- We strive for economic inclusion and equality, ensuring accessible financial services.
- We are committed to fair tax contributions, having remitted 7.4B in taxes in 2022



# Stakeholder Engagement: Strategic Partners



## Ways we Interact

- Partnership meetings virtually or in person
- Corporate events
- Conferences and workshops
- Calls and email engagements



## Key ESG Concerns

- Transparency in disclosures
- Reporting standards and frameworks
- Environmental and Social Risks
- Human rights Key ESG concerns
- Governance, conduct
- Compliance with regulations, contract terms
- Integrity – utilization of facilities for designated/agreed purposes



## How we respond

- We commit to transparency in disclosures and adhere to international reporting standards including IIRC, GRI, and TCFD for accurate reporting.
- We manage environmental and social risks via our updated Environmental and Social Management System.
- We uphold human rights, maintain high governance and ethical conduct, and comply with all regulations and contract terms.
- We ensure integrity by utilizing facilities solely for agreed purposes and maintain transparency with our strategic and lending partners, including providing periodic reports.

# Stakeholder Engagement:

## Strategic Partners



**European Investment Bank**

A loan agreement of equivalent to Euros 50 million was entered in November 2021 between the European Investment Bank and The Co-operative Bank of Kenya Limited. The loan was to be disbursed upon request for onward lending to eligible investment projects undertaken by private enterprises in Kenya. The loan is part of the East Africa Covid-19 Rapid Response Facility.



**International Finance Corporation**

In December 2020, the bank secured a long-term financing facility arranged by IFC amounting to USD 75 Million for on-lending to MSMEs. The syndicated loan was financed by IFC (USD 50,000,000), Eco-Business Fund S. A (USD 10,000,000) and SwedFund International AB (USD 15,000,000).



**French Development Agency (AFD)**

The bank entered into agreement with AFD in 2011 for a credit facility to finance investments in the fields of sustainable energy (energy efficiency & renewable energy) projects. As at the end of year 2022, the amount disbursed to the bank was USD 35,710,169.



**Kenya Mortgage Refinance Company Limited**

In June 2021, the bank entered into agreement with Kenya Mortgage Refinance company for a credit facility to finance affordable housing mortgage loans. As at the end of year 2022, the amount disbursed to the bank was KES 549.79 Million.







# Stakeholder Engagement:

## Suppliers



### Ways we Interact

- Supplier relationship management portal
- Emails, teleconferencing, e-meets
- Traditional media – newspapers
- Feedback surveys and questionnaires



### Key ESG Concerns

- Compliance to contractual terms/agreements
- Adherence to good business practices
- Timely payments
- Fairness in negotiations Key ESG concerns
- Bank expertise
- Timely feedback
- Transparency and efficiency in tendering
- Close collaboration



### How we respond

- We are committed to adhering to all contractual obligations and endorse good business practices among our suppliers, including workers' compensation, liability insurance, and tax compliance.
- We acknowledge the essence of timely payments, ensuring our suppliers and service providers are remunerated promptly.
- We exercise fairness and transparency in our negotiations, aiming to strike mutually beneficial contracts.
- We value expertise, hence strive to engage with industry-leading suppliers and service providers.
- We provide timely and constructive feedback to our partners, fostering their service improvement.
- We adopt a transparent and efficient tendering process, promoting equal opportunity for all potential partners.
- We place a strong emphasis on collaboration, fostering relationships with our suppliers and service providers that are founded on trust, respect, and mutual benefit.



# Stakeholder Engagement:

## Communities



### Ways we Interact

- Co-op foundation teams
- SACCO delegates
- Micro-lending teams
- Front Office Sacco (FOSA) teams
- Marketing engagements
- Business impact analysis reviews
- Feedback surveys and questionnaires



### Key ESG Concerns

- Access to financial services/banking
- Eradication of poverty
- Capacity building
- Philanthropic initiatives such e.g., education scholarships.
- Environmental stewardship and protection
- Food security – agricultural support
- Product features
- Climate smart technologies
- Access to public services funded by taxes



### How we respond

- We actively support poverty eradication and do capacity building.
- We promote financial access and education through local initiatives.
- We are committed to philanthropic efforts that address local needs.
- We minimize environmental impact and prioritize sustainable practices.
- We enhance access to financial services in underserved areas.
- We support food security and back agribusinesses.
- We uphold the rights of indigenous peoples without any recorded violations.

# ENVIRONMENTAL

- Our environmental & Social Management System
- Resource Use
- Energy Efficiency
- Waste Water Management & Pollution
- Green Financing
- Climate Change





# Our Environmental & Social Management System



# Our Environmental & Social Management System

The Bank’s commitment to sustainable development and achievement of positive environmental & social outcomes with good governance is embedded in our Environmental and Social Management System (ESMS).

This comprehensive framework ensures that our lending and investment decisions align with our ESG policy. Governed and owned at the Board of Directors level, the ESMS integrates seamlessly with other policies within our enterprise risk management framework.

The cornerstone of our ESMS is the Environmental and Social Due Diligence (ESDD) process. This procedure is integral to the identification, assessment, and prioritization of potential environmental and social risks and impacts. Each operational aspect is scrutinized using established internal thresholds and risk ratings, ensuring a proportionate level of analysis based on potential impacts.

From the insights gained through the ESDD, we develop Environmental and Social Action Plans (ESAPs).

The remediation measures are designed to mitigate identified risks and negative impacts. Each ESAP is implemented, monitored, and reviewed regularly to assess their effectiveness and to ensure ongoing alignment with our sustainability commitments.

Through our ESMS, the Co-operative Bank strives to maintain an active and robust approach towards sustainable development and environmental stewardship. In our journey towards sustainability, we pledge transparency, engagement, and ongoing improvement to our valued stakeholders.

## PRIORITISATION

We strive to maintain an active and robust approach towards sustainable development and environmental stewardship

ESMS

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

ESDD

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

ESAPs

ENVIRONMENTAL AND SOCIAL ACTION PLANS



## Resource use: WATER, ELECTRICITY, FUEL



### Risks Managed

- Drought-induced water scarcity potentially increasing operating costs and damaging reputation.
- Volatile electricity and fuel prices alongside power outages disrupting operations and raising costs.
- High and inefficient paper usage causing operational inefficiencies, higher costs, and potential reputation damage.
- GHG emissions from fossil fuels leading to regulatory, reputational, and environmental risks.

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



### Opportunities

- Implementing water conservation measures and investing in water-efficient technologies.
- Using recycled or reclaimed water for non-drinking purposes.
- Developing alternate water sources like rainwater harvesting or groundwater recharge.
- Investing in renewable energy (solar, wind) to reduce grid electricity reliance.
- Upgrading to energy-efficient appliances to lower electricity consumption.
- Developing energy storage solutions for uninterrupted power supply.
- Reducing travel and investing in fuel-efficient vehicles to cut down fuel consumption.
- Investing in renewable energy to lessen fossil fuel reliance and GHG emissions.
- Implementing digital measures to lower paper usage, costs, and environmental impact.
- Encouraging responsible paper usage with policies and procedures.
- Exploring electronic media as an alternative to paper.




### Our Response & Management

- Adopted sustainable resource management practices.
- Installed water-efficient fixtures to reduce water usage.
- Utilized solar lighting and heating to cut electricity costs.
- Transitioned from diesel generators to electric inverters for ATM backup.
- Implemented UPS systems for continuous power during outages.
- Digitized paper-intensive processes and enforced double-sided printing. Encouraged necessary printing only.
- Trained branches in electricity cost monitoring and meter reading.
- Continuously sensitized staff on responsible resource use.
- Utilized solar water heating system for large capacity heating.
- Collaborated with regional water and sewerage companies for water procurement and managed consumption with meticulous tracking.
- Directed wastewater discharge through respective county sewerage networks.

Key Indicator	2022	2021	2020	2019	2018
Generator fuel cost (KShs. M)	16	14.4	15	19	26
Water Cost (KShs. M)	33	32.71	32	35	39
Electricity Cost (KShs. M)	213	241	235	261	265

# Energy efficiency

RISKS MANAGED	OPPORTUNITIES	OUR RESPONSE & MANAGEMENT
<ul style="list-style-type: none"> <li>→ Failure to implement energy-saving measures, leading to increased energy consumption and higher operating costs.</li> <li>→ Dependence on fossil fuels and exposure to price volatility.</li> <li>→ Increased regulatory and compliance requirements related to energy efficiency standards.</li> <li>→ Reputation damage due to poor energy efficiency practices and failure to address climate change risks.</li> </ul>	<ul style="list-style-type: none"> <li>→ Cost Savings: Implementing energy efficient measures can resulting in significant cost savings in the long run, which can improve the bank's bottom line.</li> <li>→ Regulatory compliance: Energy efficiency is becoming an increasingly important issue in regulatory compliance, and banks that are proactive in this area may be better positioned to comply with future regulations.</li> </ul>	<p>The Bank has undertaken several measures a number of measures to ensure efficient energy use including but not limited to:</p> <ul style="list-style-type: none"> <li>→ Energy Audit is carried out every 3 years with clear recommendations</li> <li>→ We have installed energy efficient air conditioning units in some of our branches.</li> <li>→ All new branches have energy management policies employed including efficient lighting systems.</li> <li>→ The Bank has installed modern energy efficient lifts at our Co-operative House Building.</li> <li>→ Installed energy efficient chillers in one wing of Co-operative House Building.</li> <li>→ Co-op House building underwent lighting automation and LED retrofitting to improve its energy efficiency.</li> <li>→ Implementation of the Data Centre In-row Containment project resulted in an increase in Power Utilization Efficiency (PUE) within the data centre, improving energy efficiency.</li> <li>→ We have ensured compliance with the Energy and Petroleum Regulatory Authority (EPRA) requirement of having an Energy Manager responsible for implementation of regulations on energy efficiency.</li> <li>→ We continually engage and communicate to staff energy efficiency practices to be adopted across the entire Bank.</li> <li>→ Energy Audit</li> </ul>
Key Outcome Indicator	2022	2021
Energy saved per year (Kwh)	902,330	568, 944



Energy Management Policy Statement

Introduction

Co-operative Bank (Co-op Bank) recognizes and appreciates the importance of Energy Management in the Bank. Co-op Bank is therefore committed to responsible Energy Management and efforts to reduce energy use and costs will support the Bank's commitment to the environment and the communities in which we are part. Co-op Bank therefore issues this Energy Policy Statement to its employees and stakeholders with the purpose to raise awareness and to be a world class performer on energy efficiency and conservation and to reduce environmental impact of energy use

Co-operative Bank's objectives under this policy are:


- To maximize our energy performance, reduce our operating expenses and to increase our shareholder value by actively and responsibly managing our energy consumption.
- To measure and understand our energy consumption in all its forms, to understand the drivers of that consumption, to inform and educate all our people about it and set ourselves achievable goals for reducing it.
- To demonstrate commitment to our community and leadership in our industry, by reducing environmental impacts associated with energy use.

To achieve these objectives, Co-operative Bank has committed to:

- Complying, as a minimum requirement, with relevant energy management laws, regulations, and codes of practice in existing operations, upgrades, and new developments.
- Providing the resources needed to establish, implement, maintain, and improve the Energy Management System and the resulting energy performance. Resources include human resources, specialized training and skills, technology, and financial resources.
- Communicating the importance of our Energy Management Policy and relevant procedures to employees, suppliers, contractors, and other stakeholders.
- Management review of the policy, energy objectives, and targets.


This policy shall apply to all Co-operative Bank's facilities, business units, employees, and contractors in service to our business

Signed:



DR. GIDEON MURIUKI – CBS, MBS  
GROUP MANAGING DIRECTOR & CEO  
24<sup>th</sup> June 2020

The above Energy Management Policy meets the requirements of the Energy(Energy Management) Regulations, 2012 and is hereby approved by the Energy and Petroleum Regulatory Authority

Signed: 

Date: 24/6/2020

Chairperson, Electricity and Renewable Energy Licensing Committee:



# Waste Management & Pollution



## Risks Managed

- Non-compliance with waste management regulations potentially leading to fines, legal action, and reputational damage.
- Inefficient waste management causing increased costs, operational inefficiencies, and reputational harm.
- Poor disposal of hazardous waste posing health risks, causing environmental damage, and potential legal action.
- Failure to implement energy-saving measures increasing energy consumption and operating costs.



## Opportunities

- Recycling reduces landfill waste, saving on disposal fees.
- Strategies to minimize waste like reducing paper usage or using reusable materials decreases environmental impact and costs.
- Proper waste disposal lessens environmental pollution and greenhouse emissions, benefiting environment and society.



## Our Response & Management

THE BANK HAS IMPLEMENTED VARIOUS SUSTAINABLE WASTE MANAGEMENT PRACTICES INCLUDING BUT NOT LIMITED TO:

- Encourage envelope reuse to decrease paper waste, saving costs and reducing environmental impact.
- Wastewater from Karen's Leadership Management Centre is treated in a shared modern plant, preventing pollution.
- Leasing laptops and electronics reduces e-waste, promoting device reuse and supporting a circular economy.
- Adopted the 3R's strategy: Reduce, Reuse, Recycle.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We have responded by adopting the 3R's strategy:  
**Reduce, Reuse, Recycle.**





# Green Financing



## Risks Managed

- Failure to identify viable green projects: which can limit ability to deploy green financing.
- Technology risk: green projects often rely on emerging or evolving technologies, which may be untested or have uncertain commercial viability.
- Increased credit risk due to financing of risky or untested green projects.
- Inadequate due diligence and risk management leading to exposure to risky or fraudulent green projects.
- Limited knowledge on green products leading to low market demand or low uptake for green financial products and services leading to decreased profitability



## Opportunities

- Exploring partnerships with organizations that specialize in identifying and developing green projects or that offer green financing solutions.
- Developing strict underwriting criteria and risk management frameworks for green projects to ensure that green projects are legitimate and meet the bank's standards for sustainability and environmental impact.
- Continuous awareness campaigns to increase customer knowledge and demand for green financial products and developing innovative and attractive green financing solutions to increase



## Our Response & Management

- The Bank offers financial products and services that are specifically designed to support and fund environmentally sustainable projects and initiatives. This includes loans and other financial instruments that are used to finance projects aimed at reducing carbon emissions, increasing energy efficiency, promoting renewable energy and supporting other environmentally sustainable initiatives.

**We will develop strict underwriting criteria and risk management frameworks for green projects to ensure that green projects are legitimate and meet the bank's standards for sustainability and environmental impact.**

13

CLIMATE  
ACTION

**The Bank offers financial products and services that are specifically designed to support and fund environmentally sustainable projects & initiatives**



# Climate Change



## Risks Managed

- Stricter emissions standards or carbon pricing policies leading to higher compliance costs.
- Reputation risks due to financing high-emission companies.
- Physical risks from climate change impacting assets and operations.
- Transition to low-carbon economy potentially resulting in stranded assets or reduced demand for high-emission products/services.



## Opportunities

- Provide financial products supporting low-carbon economy transition (carbon credits, renewable energy financing).
- Promote sustainable business practices and emission reduction among clients and stakeholders.
- Finance adaptation and resilience measures for customers and communities affected by climate change (infrastructure projects, renewable energy).
- Finance customers using or developing technologies to reduce carbon footprint and advise on sustainable business model transitions.




## Our Response & Management

- In July 2022, we submitted a plan to the Central Bank of Kenya (CBK) that outlined how we plan to implement the CBK’s Guidance on Climate related Risk Management, which was issued in October 2021. The plan was approved by the Bank’s Board, and since then, we have made significant progress in implementing its Climate-related Risk Management Roadmap. On Governance: We have defined climate oversight responsibilities at the Board and Executive level through the enhancement of the Board Charter, the Board Risk Committee, and the Board of Management terms of reference to incorporate ESG & climate-related terms of reference. Our ESG integration strategy has seen the Bank undertake the below initiatives:
- Setting up of the Banks dedicated ESG Unit, focused on ensuring that the Bank’s environmental and societal impact provides long term value both internally and externally. The Unit is adequately resourced with an ESG Manager and ESG Analysts.
- A successful Senior Management ESG brainstorming forum held at the Banks’ Leadership Management Centre, attended by

- Divisional heads/ Designates that focused on establishing an institutional understanding of ESG and developing a coordination mechanism on ESG across the Bank.
- ESG Champions have been identified across the Bank and their key objective is to ensure appropriate assessment, transparency, and comparability in setting ESG-related engagements across the Bank’s activities and providing strong linkages between ESG strategy and the Bank’s activities.
- Against a backdrop of the requirements on the TCFD frameworks, we have harmonized our various Bank policies to ensure that they are aligned with the Bank’s ESG policy. v. The Bank has further developed an Environmental, Social and Governance Policy Framework, within which we have a comprehensive Climate-related Risk Management and Integration Framework approved by the Board Risk Committee.
- To manage ESG & Climate Risks, the Bank has embarked on the following:
- Raising awareness throughout the Bank through the development of training toolkits for Risk

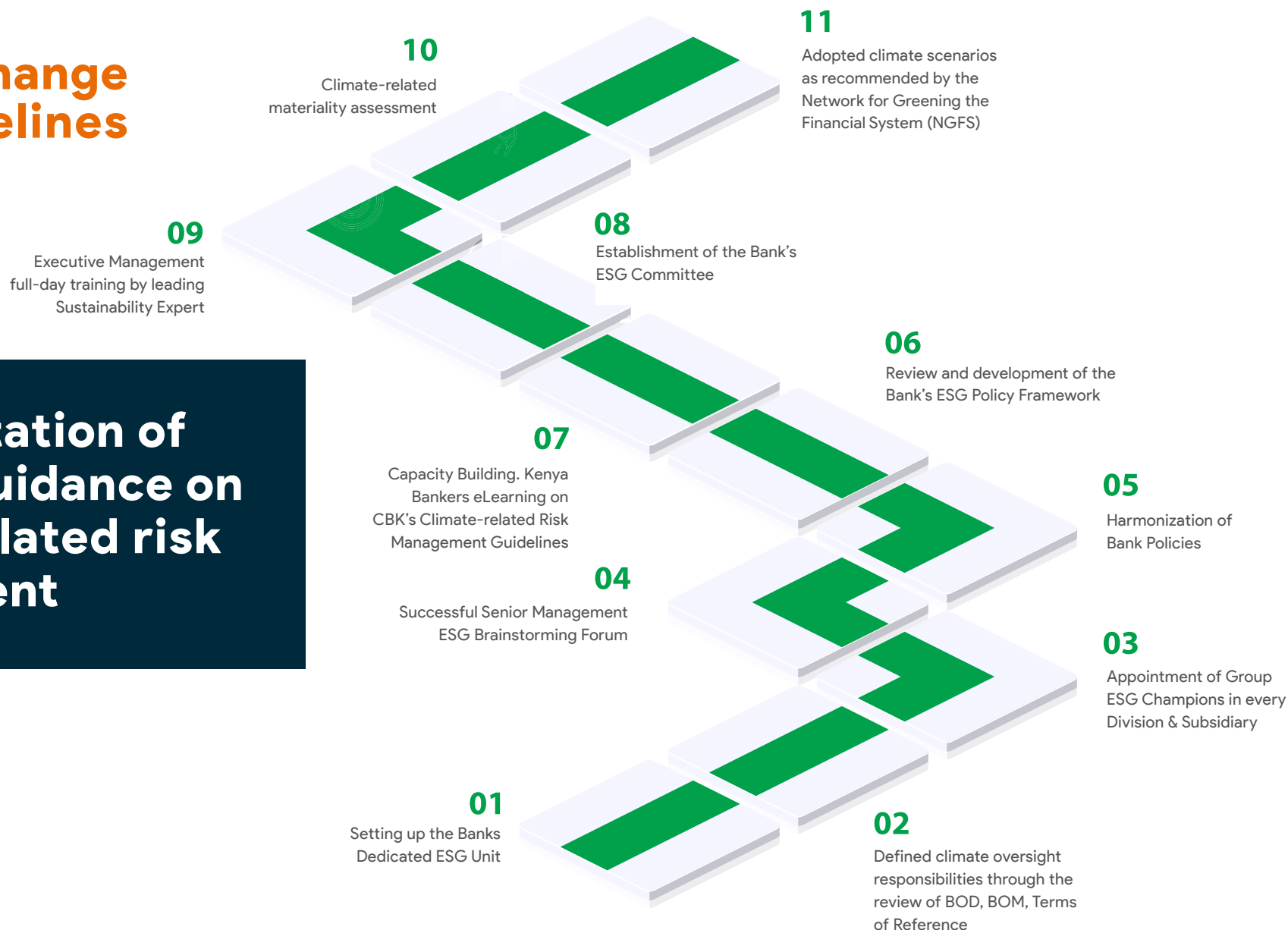
- Management Department, ESG Champions and having all staff do Kenya Banker’s Association, new SFI modules on CBK’s climate risk guidelines.
- The Bank’s Senior Management and ESG Champions, participated in a full-day training conducted by a leading sustainability and strategy advisory, to further increase their capacities in climate-related risk management.
- The Bank has established an ESG Champions Committee, which has weekly meetings to develop and implement the Group’s TCFD and ESG Programs. Under the Committee’s leadership, the Bank conducted its first climate risk materiality assessment and identified a focal question that will be the key anchor for the decisions the committee will make in developing climate scenarios and analysis. The Bank is now determining the scope of coverage and time horizon for the climate-related scenarios and is on track to meet the June 2023 target of making climate-related disclosures. The Bank’s approach aims to build resilience to the impacts of climate change for sustainable and equitable economic growth.

Key Indicator	2022	<div>13 CLIMATE ACTION</div> 
Percent of staff who have completed KBA’s SFI Central Bank Climate Risk Guidelines.	29%	



# Climate Change CBK Guidelines

## Implementation of the CBK guidance on climate-related risk management



# SOCIAL

- Financial Inclusion
- Economic Inclusion





# Financial and Economic Inclusion



## Risks Managed

- High inflation affecting credit and financial services accessibility for low-income households and SMEs.
- Poor agricultural performance restricting financial services access for rural farmers and agribusinesses.
- Increased essential food prices reducing purchasing power and promoting financial exclusion among low-income households.
- Limited fiscal capacity leading to cuts in government spending on social safety nets and financial inclusion.
- Political risks arising from the 2022 General Elections.



## Opportunities

- Investing in innovative agricultural finance for underserved rural customers.
- Offering affordable financial products for low-income households amid rising prices.
- Exploring alternative credit models and impact investing for non-traditional borrowers.
- Co-funding financial inclusion initiatives with government agencies and NGOs.
- Enhancing risk management and developing products for vulnerable populations to increase market share.



## Our Response & Management

The Bank has implemented measures aimed at promoting access to financial services and products, promoting economic integration of individuals and communities, and ensuring that everyone has an opportunity to participate in and benefit from economic growth. These include:

- Introduced initiatives enhancing Cooperatives' capacity, including training and funding access.
- Developed customized financial products for smallholder farmers and agribusinesses with agricultural cooperatives.
- Invested in digital platforms to improve finance access for rural communities and MSMEs.
- Designed financial products supporting low-income households, including affordable loans, savings accounts, and planning tools.
- Developed financial education programs for low-income households.
- Collaborated with government agencies for financial relief to vulnerable populations during crises.
- Invested in infrastructure, indirectly stimulating local economies through job creation and business support



Key Indicator	2022	2021
Count of Branches	184	178
Count of MSMEs	170,000	144, 956
Count of entrepreneurs (MSMEs) trained in business management	33,673	19,963
Count of CCBI mandates (consultancies) to Co-operatives	3265	3057
Number of farmers onboarded on the farmers online marketplace - Co-op Bank Soko	400,000	0
Percent of transactions on digital channels (%)	92%	94%
Average System Uptime	99.2%	99.1%
Net loans and advances (Billions)	339.4	310.2
E-credit disbursement (Billions)	84	70.5
Economic Value distributed (Billions)	47.5	39.6
Percentage of our E-credit book to MSMEs	30%	15%
Customer Deposits (Billions)	424	408





# Sustainability and Inclusivity in Healthcare



Director CIBD and Sector Head (Health) during a tree-planting exercise at AAR Hospital

Co-op Bank's investment in AAR Hospital exemplifies our commitment to supporting sustainable and impactful investments in Kenya's healthcare sector. By prioritizing our sector focus program and partnering with IFC, we have developed sector-specific expertise to provide customized solutions to our clients. Co-op Bank is proud to report on its recent investment in AAR Hospital, which has had a significant impact on Kenya's healthcare sector. The investment aligns with Co-op Bank's commitment to supporting sustainable and impactful investments in the country.

Kenya's healthcare system has faced significant challenges, including high healthcare costs, low doctor-to-patient ratios, and dependence on donor aid. In response, the Kenyan government has prioritized access to Universal Health Care (UHC), while Co-op Bank and IFC have identified the healthcare sector as a key area of focus.

In December 2020, Co-op Bank entered into an agreement with AAR Hospital to support the construction of a 140-bed hospital, which includes a dialysis unit, maternity wing, paediatric wing, medical ward, surgical ward, and ICU unit. Co-op Bank provided a combination of facilities to support the construction and operation of the hospital, which is expected to serve 1,000 clients per day.

The investment in AAR Hospital has had a positive social impact on the community, providing all services under one roof and creating employment opportunities.

**57% of staff and 30% of the senior management team are women**

The hospital has also supported local MSMEs in the hospital value chain and contributed to development through taxation, amalgamating medical expertise, and enhancing the quality of care.

AAR Hospital's commitment to sustainable and ethical practices aligns with Co-op Bank's focus on Environmental, Social, and Governance (ESG) practices. The hospital's board has implemented policies to ensure diversity and equity in recruitment and mitigate harassment and discrimination.

**The building is "EDGE Certified" by IFC, incorporating sustainability in its design and operations. The hospital has implemented energy management practices, such as the installation of 700 solar panels on the roof for power and solar heating, energy-efficient LED lighting with motion sensors, and natural lighting and shade design features. The hospital has also partnered with a local organization to recycle its general waste.**

AAR Hospital's focus on sustainability and inclusivity marks a significant milestone in the provision of healthcare services in the region. As we continue to support Kenya's growth areas, we are proud to be at the forefront of initiatives that promote sustainable and inclusive development. Co-op Bank's investment in AAR Hospital demonstrates its unique positioning in the healthcare sector. Co-op Bank initiated a sector focus program with the support of IFC to develop sector-specific expertise and provide customized solutions to clients in Manufacturing, Health, Agriculture, and Infrastructure, which align with Kenya's growth areas. Co-op Bank signed a risk-sharing agreement with IFC for Kes.32B to support the purchase of medical equipment in Kenya, further supporting Kenya's Partnership Framework under the Kenya Health Policy 2014-2030.





# Driving value through Agri-business



**The Maasai Kajiado Co-operative Society's success is a testament to the transformative power of empowering women and building strong community partnerships.**

The bank recognizes the significance of the agricultural sector and the remains passionate in supporting & providing financial solutions to this critical value chain. Through our Co-operatives banking, the bank proudly offers a myriad of solutions designed to provide capacity, climate-smart and technological solutions.

## The Remarkable Success of a Women-Led Dairy Co-Operative in Kajiado County, Kenya

The Maasai Kajiado Co-operative Society is a women-led dairy co-operative that has defied the odds to become the largest of its kind in Kajiado County, Kenya.

**Since its formation in 2011, the co-operative has grown from a modest 200 members to an impressive 3,400 members.**

One of the key factors that has contributed to the co-operative's success is its strategic placement of 15 collection centres and 7 coolers across the county, which cater to the nomadic lifestyle of the community. These collection centres have been instrumental in enabling the co-operative to increase its milk production and generate substantial revenue.

Moreover, the co-operative's partnership with the Co-operative Bank of Kenya has been instrumental in empowering women in the community. In a

culture where cows belong to men and milk belongs to women, the co-operative has leveraged this tradition to create sustainable livelihoods for women.

The Co-operative Bank's support has enabled the co-operative to overcome the barriers that women typically face in accessing credit and securing markets for their products. Through a credit facility, the co-operative has been able to procure essential inputs for animal husbandry, compensate farmers and workers, establish collection centers, construct community dams, and even acquire additional land for expansion. The co-operative's impact on the community has been far-reaching, with women gaining newfound strength and independence to pay for their children's education, regardless of gender, up to university level. They have also been able to enhance their milk production, acquire more cows, and even build semi-permanent houses for themselves.

The Maasai Kajiado Co-operative Society's success is a testament to the transformative power of empowering women and building strong community partnerships. By challenging traditional cultural norms and leveraging innovative approaches, the co-operative has not only changed the lives of its members but has also provided a blueprint for sustainable economic development in the region. Its impact on the community is far-reaching and demonstrates the potential of collaborative efforts to create positive change.



# Co-op Bank Soko



Tracking of produce: The platform will help farmers keep a record of their produce for future decision making. With the current system where middlemen purchase produce at the farm gate, farmers lose the value of record keeping at the expense of expediency

Introducing 'Co-op Bank Soko' - an innovative online marketplace that empowers farmers and revolutionizes the farming industry. By connecting farmers, input providers, and buyers, this platform creates a harmonious ecosystem where everyone benefits.

The platform addresses key challenges faced by farmers:

- Bridging the Market Gap: Farmers connect directly with buyers, eliminating exploitative middlemen and ensuring fair prices for their produce.
- Quality Inputs: We partner with trusted suppliers to provide farmers with top-notch agricultural inputs, enabling optimal yields and sustainable farming practices.
- Streamlined Logistics: Digitalization simplifies the selling process, removing the need for farmers to travel and manage transportation and storage.

- Empowering Information: Farmers gain visibility on market trends, enabling informed decision-making and maximizing competitiveness.
- Financial Inclusion: The platform's presence of buyers, input suppliers, and the bank facilitates access to financial services, linking farmers to vital resources
- Digitizing data empowers cooperatives and farmers to leverage their information for accessing financial services and making informed decisions. Our platform opens doors for data-driven farming and paves the way for a prosperous future.
- Tracking of produce: The platform will help farmers keep a record of their produce for future decision making. With the current system where middlemen purchase produce at the farm gate, farmers lose the value of record keeping at the expense of expediency.

**Empowering Information:**  
Farmers gain visibility on market trends, enabling informed decision-making and maximizing competitiveness.





# Social

## Capacity Building and Technical Assistance Fund for farmer co-operatives



The Bank has established a dedicated Kshs. 100 Million Fund aimed at capacity building, technical support and digitization for farmers co-operatives. Under the auspices of the fund, the Bank has carried out capacity building for 30 co-operatives in six Agri sectors namely: Coffee, dairy, potatoes, poultry, cotton and cereals. The initiative will impact over 50000 individual farmers.

## Digitization for Impact



We have successfully developed a cutting-edge digital platform, the Direct Trading System (DSS), that revolutionizes the coffee industry by enabling coffee unions and farmers to trade their commodities directly, eliminating intermediaries. This transformative solution has already yielded remarkable results, with the Kipkelion coffee union utilizing the system to directly export coffee valued at Kes 120 million to South Korea.

## Reviving the Cotton Sector: Unlocking Value Chain Engagement for Sustainable Growth



We have embarked on a transformative journey to revive dormant cotton societies through comprehensive capacity building initiatives. In addition, we have facilitated value chain engagement by connecting farmers to reputable cotton off-takers like Rivatex, Thika Cloth Mills, and Luanda Ginners. As a testament to our commitment, we have supported Rivatex, empowering them to procure cotton and drive the revitalization of the sector.

The Bank has established a dedicated Kshs. 100 Million Fund aimed at capacity building, technical support and digitization for farmers co-operatives



# A success story

## Kipkelion District Co-operative Union (KDCU)

The Kipkelion District Co-operative Union (KDCU), an umbrella organization of 64 primary coffee cooperatives, made history by selling 134.4 tonnes of coffee beans directly to South Korean based company Good Beans. The sale was made possible by the liberalization of the market, which allowed farmers to own brokerage firms and sell their coffee directly to buyers. The beans were sold for KES 116 per kilogram, compared to an average of KES 76 at the Nairobi coffee auction, resulting in earnings of KES 15.6 million for the farmers. The bank played a critical role in facilitating the payment process by ensuring that the money was wired directly to the Co-operative Bank of Kenya for distribution to the farmers. This ensured that the farmers received their payments promptly and eliminated the risk of middlemen diverting the funds.



# 134.4 Tonnes

The Kipkelion District Co-operative Union (KDCU), an umbrella organization of 64 primary coffee cooperatives, made history by selling 134.4 tonnes of coffee beans directly to South Korean based company Good Beans

## Social

## Potato Consortium

**Crafted an end-to-end value chain that ensures that potato farmers have a proper and structured access to inputs and top markets including key food retailers and restaurants including KFC**

At Ol Kalou in Nyandarua County, Co-op Bank in collaboration with key institutions in the potato value chain launched the Potato Consortium, which has crafted an end-to-end value chain that ensures that potato farmers have a proper and structured access to inputs and top markets including key food retailers and restaurants including KFC. The consortium will ensure all potato foods such as the popular french fries will never again have to be imported.

These and other purposeful interventions that Co-op Bank has been executing in the agricultural sector holds enormous promise of ultimately resolving the perennial constraints that farmers in Kenya, and Africa continue to grapple with, and will ultimately make small-holder agriculture sustainable.



From The Left; Agro Potato Services Africa's Conen Henreyer, the President of Simplifine Steve Carlyon, Nyandarua County Governor Dr. Kiarie Moses Badilisha and Head of Agri Co-operatives at Co-op Bank Esther Kariuki display M.O.U establishing the Potato Consortium in Ol Kalou, Nyandarua County on 6 March 2023.





## African Banker of the year

### Esther Kariuki Head of Agricultural Business at the Co-operative Bank of Kenya

My name is Esther Kariuki, I am the Head of Agricultural Business at the Co-operative Bank of Kenya, the third largest Bank in Kenya.

I feel very privileged to have been nominated for this award of The African Banker of the Year. This is a win for the Bank and for the small-scale farmers in Kenya. I feel incredibly blessed!

Small holder farmers are the backbone of our Economy in Kenya and the source of our food security, I am convinced that the work we do with them has been achieved due to the great support of our Board of Directors and our Group Managing Director & CEO Dr. Gideon Muriuki who has time and again reminded us that Co-operative Bank of Kenya was formed for a season such as this and for the purpose of transforming lives. For this reason, we have given ourselves completely and throw our weight behind our farmers in their farms, as they harvest and to go the extra mile and most importantly help them access good markets within and without our borders because “we are you”

I wish to thank the panel of judges who were convinced that this work deserves recognition.

May this ward encourage other bankers within our continent because it is a testimony that every effort truly matters!

God bless you all and thank you



**WINNER**  
AFRICAN BANKER OF THE YEAR  
**Esther Kariuki**

we have given ourselves completely and throw our weight behind our farmers in their farms, as they harvest and to go the extra mile and most importantly help them access good markets within and without our borders because “we are you”


# Employment Quality



## Risks Managed

- High staff turnover in specialised skills leading to a loss of institutional knowledge and expertise
- Employee burnout leading to decreased productivity
- Industrial action due to dispute between the management and employees
- Ineffective performance management leading to reduced motivation, productivity, and innovation
- Insufficient investment in employee training and development leading to skills gaps and reduced competitiveness.

5
GENDER EQUALITY


8
DECENT WORK AND ECONOMIC GROWTH


10
REDUCED INEQUALITIES




## Opportunities

- Higher employee retention rates, which can lead to cost savings associated with recruitment and training.
- Improved employee morale, which can lead to increased productivity, innovation, and engagement.
- Better health and wellbeing of employees, which can result in reduced absenteeism, fewer sick days, and improved work quality.
- Enhanced brand reputation as an employer of choice, hence attracting top talent and improved customer perception.
- Increased employee loyalty, which results in improved customer satisfaction and retention.
- Positive impact on the local community, as a supportive workplace contributes to social and economic development.



## Our Response & Management

- The Bank has employed various initiatives to ensure overall job satisfaction and well-being of its employees by providing a healthy, safe, and supportive working environment that allows employees to be productive, engaged, and fulfilled. The Bank:

  - Has implemented attractive compensation packages and benefits to retain top talent
  - Offers opportunities for career advancement and growth to motivate employees to stay
  - Has implemented a knowledge transfer program to capture and retain institutional knowledge
  - Provides a supportive work environment that promotes work life balance.
  - Encourages employees to take breaks and time off to prevent burnout.
  - Fosters a supportive work culture that promotes collaboration and teamwork to reduce individual workloads.
- Has developed a positive relationship with employees through regular communication and engagement.
  - Has implemented fair and equitable policies and procedures.
  - Has established a dispute resolution mechanism to resolve conflicts quickly and fairly
  - Has implemented a performance management system that aligns with its goals and values.
  - Provides regular feedback and coaching to employees.
  - Offers incentives and rewards to motivate and recognize high-performing employees.
  - Fosters a culture of innovation by encouraging employees to think outside the box

Key Indicator	2022	2021
Employee retention rate	93.8%	95%
Percent of staff who met and exceed performance	92.3%	96.8%
Number of paternity and maternity leave applicants	327	345
Number of wellness initiatives	337	25

# Training & Development



## Risks Managed

- Low employee engagement which can lead to decreased motivation and productivity
- Inadequate skills and knowledge necessary to perform roles effectively.
- High employee turnover due to lack of opportunities for growth and development within the Bank



## Our Response & Management

- The Bank has invested in employee training and development programs, conducts regular performance evaluations, and offer career development opportunities.



## Opportunities

- Developing a comprehensive training and development program that aligns with the organization's goals and strategy.
- Identifying skills gaps and provide targeted training and development opportunities to bridge them.
- Encouraging employees to pursue continuing education and professional development opportunities.
- Fostering a culture of learning and development to attract and retain top talent



**The Bank has invested in employee training and development programs, conducts regular performance evaluations, and offer career development opportunities.**



Key Indicator	2022	2021
Training spend (in millions)	73	52.4
Average no. of hours spent on e-Learning per learner for completed courses	11.1	4.8
Programs for upgrading employee skills and transition assistance programs	3,940	3,567
Average hours of training per year per employee (e-learning)	11.1	4.8
Average hours of training per year per employee (trainings, webinars & seminars)	40	30
Gender status for e-learning	<ul style="list-style-type: none"> <li>• Total number of courses completed by men – 18,624</li> <li>• Total number of courses completed by women – 17,159</li> </ul>	
Percentage of employees receiving regular performance and career development reviews	<p>Over 95%</p> <p>All employees have performance and coaching sessions every quarter except for staff who are on extended absence e.g. maternity leave, sick offs</p>	
Programs for women in management	97	
Career development strategy for women	Co-op Bank is an equal opportunity employer. Women have access to all opportunities in the Bank.	
Learning and trainings on anti-corruption & AML	78	

# Stakeholder Engagement



## Risks Managed

- Inadequate communication and transparency with stakeholders, leading to a loss of trust and reputation damage.
- Failure to engage with stakeholders effectively, resulting in misunderstandings and misaligned expectations.
- Lack of responsiveness to stakeholder concerns and feedback, leading to disengagement and potential legal or regulatory consequences.
- Failure to identify and engage with all relevant stakeholders, resulting in the exclusion of important perspectives.
- Insufficient resources or capacity to manage stakeholder engagement effectively, resulting in suboptimal outcomes.



## Opportunities

- Enhanced trust, reputation, and stakeholder satisfaction through improved communication and transparency.
- Greater alignment and trust through effective stakeholder engagement and clear understanding of Bank's objectives.
- Enhanced stakeholder satisfaction and reduced regulatory risks by being responsive to stakeholder concerns and feedback.
- Improved stakeholder satisfaction and alignment through identification and engagement with all relevant stakeholders.
- Enhanced stakeholder support and brand equity by building capacity and resources for effective stakeholder management.



## Our Response & Management

- The Bank has developed an engagement strategy with stakeholders. This includes:
- Developed a robust stakeholder engagement strategy with regular communication, transparency, reporting, and feedback mechanisms.
- Established a dedicated stakeholder engagement team to manage relationships and align stakeholders' expectations with the Bank's goals.
- Implemented a formal process for timely responses to stakeholder concerns, including a dedicated Contact Centre, customer service hotline, and social media platforms.
- Put a stakeholder identification and mapping process in place to ensure all relevant stakeholders are included in decision-making, using engagement forums, focus groups, and public consultations.
- In the stakeholder's engagement section of this report, we look at all key stakeholders in detail.







# Occupational Health and Safety



## Risks Managed

- Risks of employee fatigue, burnout due to long working hours, leading to productivity loss, absenteeism, turnover.
- Ergonomic hazards including repetitive motion injuries from extended computer use or poor workstation setup.
- Health and safety risks for employees in high-risk areas.
- Risks linked to hazardous materials usage, potentially causing health issues, legal/regulatory consequences, and reputational damage.



## Opportunities

- Ensuring a safe and healthy work environment can improve employee satisfaction, reduce absenteeism, and enhance the Bank's reputation.

3 GOOD HEALTH  
AND WELL-BEING



## Our Response & Management

- The Bank has complied with labour laws and regulations, has a code of conduct, and conduct regular audits to ensure labour standards are being met.
- The Bank has invested in training and education programs for employees to promote a culture of safety and raise awareness of occupational hazards
- The Bank has implemented health and safety policies and procedures to reduce accidents and incidents in the workplace
- The Bank provides adequate personal protective equipment (PPE) and ensuring that it is properly used and maintained.
- The Bank regularly reviews and improves the workplace design and equipment to reduce ergonomic hazards and improve employee comfort and productivity



## Occupational Safety and Health Policy Statement

### Introduction

Co-operative Bank of Kenya (Co-op Bank) recognizes and appreciates the importance of Occupational Health and Safety Policy in the Bank. The Bank commits to protect the Health and Safety of all persons in the Bank, including employees, customers, contractors, and visitors to all Bank facilities.

Co-op Bank will develop and maintain effective Occupational Health, Safety, and Welfare arrangements to protect its staff and all who come into contact with its operations and will ensure compliance with all relevant legal and statutory instruments in all matters of Occupational Health and Safety.

### Co-op Bank will make available the necessary resources in order to:

- Comply with all relevant workplace health and safety legislation;
- Ensure the health and safety of employees and others.

### Co-op Bank will conduct its activities and provide a work environment that:

- Protects the health, safety, and welfare of all persons, including staff, contractors, and visitors, affected by our workplace activities;
- Actively encourages controlling risk in workplace activities;
- Strives for continuous improvement in workplace health and safety.

### The Management of Co-op Bank is responsible (within the scope of their authority) for:

- Integrating workplace health and safety into all aspects of the workplace;
- Promoting communication about workplace health and safety as a normal component of all aspects of work;
- Planning, developing, implementing, and monitoring a workplace health and safety program;
- Taking effective action to provide and maintain a healthy and safe workplace.

### The employees of Co-op Bank and subsidiaries are responsible for::

- Working in a healthy and safe manner;
- Encouraging others to work in a healthy and safe manner;
- Cooperating with, supporting, and promoting workplace health and safety at the workplace;
- Reporting or rectifying any unsafe conditions that come to their attention..

Signed:

DR. GIDEON MURIUKI – CBS, MBS  
GROUP MANAGING DIRECTOR & CEO



# Labour Standards/Rights



## Risks Managed

- Failure to provide a safe and healthy work environment, resulting in accidents, injuries, or health issues for employees.
- Discrimination in hiring, promotion, or other employment practices.
- Violation of human rights, including child labour and forced labour practices.
- Union disputes or strikes.
- Negative impacts on employee morale and productivity.
- Non-compliance with labour laws and regulations, such as minimum wage requirements, working hours, and benefits.



## Opportunities

- Ensuring labour standards and rights can improve employee satisfaction, attract top talent, and enhance the Bank's reputation



## Our Response & Management

The Bank has complied with labour laws and regulations, has a code of conduct, and conducts regular audits to ensure labour standards are being met.

- Compliance with labour laws, code of conduct, and regular audits for labour standards.
- Implementation of robust health and safety policies, training, and awareness campaigns.
- Zero-tolerance approach to any form of discrimination.
- Strict due diligence processes for suppliers and partners to adhere to labour standards.
- Open communication channels with employees and union engagement.
- Employee engagement surveys for feedback and management improvement.
- Internal controls and monitoring systems to track compliance with labour laws, in collaboration with regulatory bodies.

8 DECENT WORK AND ECONOMIC GROWTH



# Supplier Engagement



## Risks Managed

- Risks from supplier non-compliance with ethical/sustainability standards, potentially causing reputational damage, legal/regulatory consequences.
- Risk of dependency on a single or few suppliers causing supply chain disruptions, operational inefficiencies.
- Lack of supply chain transparency and traceability risking reputation, legal/regulatory consequences, and operational inefficiencies.
- Unforeseen supply chain interruptions/ disruptions causing operational issues, reputational damage, and financial losses.
- Risks from poor quality/defective supplier products causing reputational damage, legal/ regulatory consequences, financial losses.
- Supplier’s inadequate response to changing market demands or emerging technologies



## Opportunities

- Engaging with suppliers can improve supplier relations, increase transparency, and lead to cost savings.
- We are actively working on implementing screening criteria to evaluate our suppliers based on their commitment to environmental and social considerations. This initiative reflects our dedication to fostering sustainable practices throughout our supply chain.



## Our Response & Management

- The Bank has developed a supplier engagement strategy, which includes but is not limited to:
- Rigorous supplier screening process in place, monitoring their compliance with our environmental, social, safety, and human rights standards.
- Supplier diversification strategy implemented to reduce dependency on single or few suppliers.
- Buffer stock maintained and alternative sourcing options established to ensure operational continuity.
- Clear communication channels with suppliers, encouraging innovation and meeting market demands and technological advancements.
- Strong anti-corruption stance in procurement, promoting transparency, integrity, and accountability.
- Encouragement to suppliers to adopt environmentally friendly emerging technologies.

Clear communication channels with suppliers, encouraging innovation and meeting market demands and technological advancements.



Key Indicator	2022	2021
Percent of local suppliers	93.5%	88%
Amount paid to suppliers (Billions)	14.8	13.7
Percentage of suppliers who have signed the code of contract	100%	100%

# Data Security and Privacy



## Risks Managed

- Unauthorized data access risking information theft or manipulation, reputational harm, and legal consequences.
- Data breaches causing confidential information loss, reputational damage, legal consequences, and loss of trust.
- Cyber-attacks and hacking risking system disruption, infrastructure damage, sensitive data compromise, financial losses, and reputational harm.
- Malware and ransomware threats causing system outages, data compromise, and financial losses.
- Third-party service provider breaches potentially leading to data breaches, unauthorized information access, financial loss, and reputational harm.
- Supplier's inadequate response to changing market demands or emerging technologies risking competitiveness and market share.



## Opportunities

- Ensuring data security and privacy can increase customer trust and enhance the Bank's reputation



## Our Response & Management

- Established comprehensive data privacy policies, defining customer data handling.
- Regularly train employees to prevent data security risks.
- Regularly review and update security measures.
- Implemented Enterprise Privacy Risk Management Policy for managing personal information risks.
- Strict access controls and audits prevent unauthorized data access.
- Routine security audits and penetration testing fix vulnerabilities.
- Established, regularly updated incident response plans and advanced security technologies.
- Implemented multi-layered cybersecurity defences and employee cyber threat awareness training.
- Deployed anti-malware/anti-ransomware solutions, regular data backups.
- Clear policies and procedures manage insider threats.
- Rigorous third-party service provider vetting, adherence to our information security policies.



Implemented multi-layered cybersecurity defences and employee cyber threat awareness training.



# Product Quality and Access



## Risks Managed

- Failure to provide complete product information risks customer dissatisfaction, regulatory penalties.
- Miss-selling can cause reputational damage, legal liability, financial losses.
- Operational failures in product delivery/ processing can harm customers financially or through inconvenience.
- Fraud and abuse of products for illegal purposes pose legal, financial, and reputational risks.



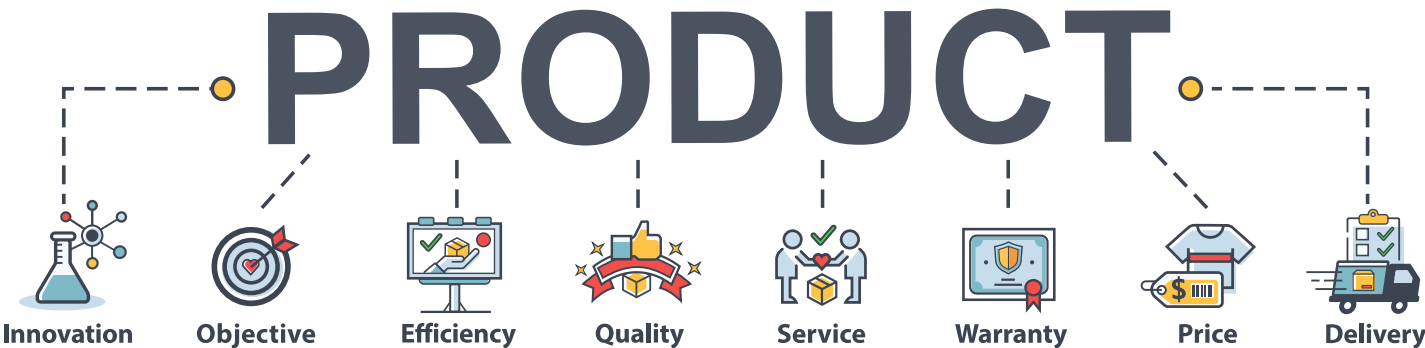
## Opportunities

- Providing high quality products and services can improve Customer Satisfaction, Increase Loyalty and lead to Revenue Growth.



## Our Response & Management

- The Bank has implemented various product quality and access management strategies, such as:
- Implemented Product Risk Assessment Policy, training for staff, and monitoring ensures accurate product information.
- Measures to prevent mis-selling include marketing guidelines, customer suitability assessments, sales practices monitoring, monitoring, and employee training.
- Operational processes tested and monitored to minimize errors, delays, or disruptions; contingency plans exist.
- Anti-fraud and anti-money laundering measures: customer due diligence procedures, transaction monitoring, and employee training.



# Philanthropy and Foundation Work



## Risks Managed

- Negative publicity of mismanaged philanthropic activities leading to reduced public trust and support.
- Inadequate due diligence leading to support of noncompliant or controversial organizations.
- Perception of conflicts of interest or misuse of funds leading to reputational damage and loss of support.
- Dependence on a limited pool of donors leading to limited impact.

WE ARE IMPLEMENTING A DIVERSIFIED FUNDING STRATEGY, WHILE ENGAGING WITH STAKEHOLDERS FOR SUSTAINABLE PARTNERSHIPS.



## Opportunities

- Engaging with local communities can improve community relations, increase customer loyalty, and lead to revenue growth.



## Our Response & Management

- The Bank’s foundation has implemented various strategies including but not limited to the below:
- Promote transparency, accountability, and ethical practices through communication and public relations strategies.
  - Ensure stakeholder engagement and transparency through strict governance policies and procedures.
  - Monitor and evaluate program impacts, regularly adjust strategies for maximum community value.
  - Implement diversified funding strategy, engage with stakeholders for sustainable partnerships.
  - Develop clear criteria for program selection, regularly review activities for consistency and relevance.
  - Rigorously comply with all laws and regulations, train and monitor staff and partners for compliance.



Key Indicator	2022	2021
Count of Students sponsored by the Bank	9,553	8,368
Value of CSR activities and/or community programs (Millions)	153	169
Total charitable donations (Millions)	150	100

# Co-op Consultancy & Bancassurance Intermediary (CCBI)

Co-operative Bank holds a prominent position as the primary point of financial intermediation for Kenya’s robust Co-operative movement, which boasts over 15 million members. This movement, directly and indirectly, contributes significantly to the country’s economic landscape, accounting for 45% of Kenya’s Gross Domestic Product (GDP) and 30% of national savings and deposits.

To cater to the needs of the Co-operative movement and other selected sectors of the economy, Co-op Consultancy & Bancassurance Intermediary (CCBI), formerly known as CCIA, was established in 2002 as a specialized subsidiary of the Bank. CCBI’s primary focus is to provide capacity building services, including consultancy and financial advisory, on highly concessional

terms. Its core objective revolves around enhancing the efficiency and profitability of the Co-operative movement by offering affordable and tailored solutions.

Since its inception, CCBI has excelled in delivering more than 3,267 successful business advisory mandates and has conducted extensive training for numerous individuals from the Co-operative movement and microfinance institutions. In the year 2022, CCBI carried out 208 consultancy assignments across Kenya and trained a total of 5962 individuals. CCBI has 22 staff who carry out the advisory and training and an additional 12 data officers who were engaged in onboarding individual farmers on a digital platform dubbed ‘Coop Bank Soko’.

It is worth noting that over 70% of CCBI’s staff costs are absorbed by the bank, demonstrating the bank’s commitment to supporting this vital subsidiary.

In its operations, CCBI collaborates with three notable donor projects, namely the KCEP-CRAL Project, We-Effect, and Bankable Frontiers Association (BFA). By focusing on areas where business and society intersect, CCBI endeavors to develop innovative solutions that leverage the complementary capabilities of both partners. These solutions aim to address significant challenges faced by each partner, creating a positive and lasting impact on society.

3,267

CCBI has excelled in delivering more than 3,267 successful business advisory mandates and has conducted extensive training for numerous individuals from the Co-operative movement and microfinance institutions

5,962 IN THE YEAR 2022, CCBI CARRIED OUT 208 CONSULTANCY ASSIGNMENTS ACROSS KENYA & TRAINED A TOTAL OF 5962 INDIVIDUALS.

consultancy  
bancassurance

# Co-op Foundation

In pursuit of a more inclusive and sustainable future, the Co-operative Bank Foundation is committed to implementing corporate social responsibility programs that promote both economic & social investment in our local communities

9,553

TOTAL STUDENTS SPONSORED ON SCHOLARSHIP PROGRAM - 9,553

135M

VALUE ADDED IN 2022 THROUGH CO-OP FOUNDATION - KES 135M




Empowerment of Youth in Transport Sector

(Boda-boda) GIZ grand funded program in Eastern, Central and Coastal Program.



Education USA

A university Scholarship Program funded by USAID



Community Service Program

For university scholarship beneficiaries



Jijali Program

A career/work readiness program or entrepreneurship targeting all our university scholarship beneficiaries

The Co-operative Bank Foundation (CBF), established in 2007 as a registered trust, recognizes the importance of enhancing the existing Corporate Social Responsibility (CSR) initiatives of the Co-operative Bank of Kenya Limited. Aligned with the bank’s Strategic Plan, the CBF aims to implement CSR programs that foster both economic and social investment in our local communities, providing sustainable solutions with shared value. By aligning business strategy with genuine social needs, the foundation strives to create a sustainable and competitive business entity. The CBF programs are designed to contribute to the achievement of the Sustainable Development Goals outlined in the Global Development Goals 2030. The foundation

focuses on five key pillars for poverty eradication: Education, Youth and Women empowerment, Agriculture, Health, and Environment.

In pursuit of a more inclusive and sustainable future, the Co-operative Bank Foundation is committed to implementing corporate social responsibility programs that promote both economic and social investment in our local communities.

Through its education program, the foundation has successfully reduced regional disparities in school enrollment and retention. It has also championed gender equity in access to education, improved household economic well-being, and promoted financial literacy among youths and women.





# Transforming Lives: Evans' Journey



My name is Evans Odhiambo a scholar under Co-op Bank Foundation pursuing a Bachelor of Science (Bsc) Course in Telecommunication and Information Engineering at Jomo Kenyatta University of Agriculture and Technology.

I was born into a family of three siblings in the financially challenged Eastland side of Nairobi. My Educational journey seemed uncertain. With the weight of our financial crisis, the future appeared dim. However, my determination to succeed never wavered. When the KCPE results were announced, I had scored 369 out of 500 marks. This filled me with hope and excitement; but the reality of my family's financial situation hit me hard, as I had no means to afford high school. In that moment of despair, a ray of light emerged in the form of the Co-op Bank Foundation.

The Co-op Bank Foundation extended their compassionate hand and sponsored Education at Agoro Sare High, giving me the opportunity to pursue my dreams. Their unwavering support ignited sparks within me, pushing me to strive for excellence. Throughout my high school years, I embraced every opportunity and poured my heart into my studies. With dedication, perseverance and the belief that anything is possible, I excelled

academically, achieving a remarkable mean grade of A-. The Co-op Bank Foundation, recognizing my achievements and potential, continued their support by sponsoring my university education. Their immense generosity removed the burden of financial constraints, allowing me to fully immerse myself in my studies and explore my passion.

Not only has Co-op Bank Foundation provided me with financial support, but they have also offered me opportunities to gain valuable work experience through their internship program. During my time as an intern, I was able to apply the skills and knowledge I had learned in the classroom to real-world situations. The experience has been invaluable in preparing me for my future career.

Furthermore, Co-op Bank foundation commitment to community development and social responsibility aligns with my personal values. Their support has instilled in me a deep sense of gratitude, responsibility and commitment to giving back to the society. Witnessing their dedication to community development and social responsibility has inspired me to use my education and skills to make a meaningful difference. As part of giving back to community, am currently stationed at Gachororo Health Center where am volunteering in the Records Section. I believe that handling data in the records section will add value to the course am pursuing at the university and forms good preparation for my career.

# Diversity



## Risks Managed

- Discriminatory HR practices or lending decisions leading to potential legal liability, loss of reputation, and decreased employee morale.
- Inadequate diversity and inclusion policies and practices leading to reduced innovation, higher turnover rates, and decreased employee engagement and productivity.
- Lack of cultural competency in serving diverse customers leading to customer dissatisfaction, lost business, and reputational damage

WE ARE IMPLEMENTING A DIVERSIFIED FUNDING STRATEGY, WHILE ENGAGING WITH STAKEHOLDERS FOR SUSTAINABLE PARTNERSHIPS.

5

GENDER EQUALITY



10

REDUCED INEQUALITIES





## Opportunities

- Promoting diversity and inclusion can attract top talent, improve employee satisfaction, and enhance the Bank's reputation



## Our Response & Management

- We have established clear policies and procedures to prevent discrimination in our hiring, promotion, and lending decisions, and we regularly review and monitor our practices to ensure compliance with anti-discrimination laws and regulations.
- We are an equal opportunity employer
- We have maintained a healthy gender ratio
- We have actively promoted and supports women led enterprises to enable women access capital
- We have implemented cultural competency training and education programs for our employees to enhance their understanding of diverse cultures and backgrounds, and we regularly solicit feedback from our customer



Key Indicator	2022	2021
Count of staff employed in the Bank	4864	4505
Percentage of staff who are female	46%	47%
Percentage of staff living with disabilities	0.7%	0.5%
Proportion of senior management hired from the local community-Kenya	100%	100%

# GRI Content Index

Disclosure		IR Report	ESG Report	Reference topic within this report
GRI 2: General Disclosures	2-1 Organizational details	(-)	PG.3	Supplementary Details
	2-2 Entities included in the organization's sustainability reporting	PG.4	PG.3	Co-operative Bank Group Structure
	2-3 Reporting period, frequency, and contact point	PG.4	PG.3	Reporting Scope & Frameworks
	2-4 Restatements of Information	The information presented in this report represents a forward-looking update of the previously reported data from our sustainability reports. We are pleased to confirm that no errors or material inaccuracies have been identified in our analysis.		
	2-5 External Assurance	PG.142	PG.3	External Assurance
	2-6 Activities, value chain and other business relationships	PG.13-17, 21, 50-51	PG.19	Our Key Business
	2-7 Employees	PG.77	PG.57	Stakeholder Engagement
	2-8 Workers who are not employees	(-)	PG.57	Employees
	2-9 Governance structure and composition	PG.107	PG.35	Governance
	2-10 Nomination and selection of the highest governance body	PG.107	PG.42	Board of Directors Sub-Committees
	2-11 Chair of the highest governance body	PG.110	PG.42	Board Operations and Control
	2-12 Role of the highest governance body in overseeing the management of impacts	PG.117	PG.34	ESG Governance



GRI CONTENT INDEX

Disclosure	IR Report	ESG Report	Reference topic within this report
2-13 Delegation of responsibility for managing impacts	PG.74	PG.35	ESG Governance
2-14 Role of the highest governance body in sustainability reporting	PG.74	PG.34	ESG Governance
2-15 Conflict of interest	PG.119	PG.43	Conflict of Interest
2-16 Communication of critical concerns	PG.118	PG.41	Shareholder Rights
2-17 Collective knowledge of the highest governance body	PG.108	PG.42	Board Composition
2-18 Evaluation of the performance of the highest governance body	PG.112	PG.42	Board Performance Evaluation
2-19 Remuneration Policy	PG.118	PG.43	Board Remuneration
2-20 Process to determine remuneration	PG.118	PG.43	Board Remuneration
2-22 Statement on sustainable development strategy	PG.75	PG.23	Our Strategic Focus
2-23 Policy commitments	PG.118	PG.43	Code of Conduct and Ethics
2-24 Embedding policy commitments	PG.118	PG.43	Code of Conduct and Ethics, Whistleblowing Policy
2-25 Processes to remediate negative impacts	(-)	PG.69	Our Environmental and Social Management System
2-26 Mechanisms for seeking advice and raising concerns	PG.97	PG.52	Stakeholder Engagement
2-27 Compliance with laws and regulations	PG.104	PG. 47	Regulatory compliance
2-28 Membership associations	PG.82	PG.60	Industry Associations
2- 29 Approach to stakeholder engagement	PG.77	PG.52	Stakeholder Engagement
2-30 Collective bargaining agreements	PG.98	PG.89	Labour standards/rights
<b>Material Topics</b>			
3-1 Process to determine material topics	PG.88	PG.38	Material Topics
3-2 List of material topics	PG.88	PG.39	Material Topics
<b>Economic performance</b>			
201-1 Direct economic value generated and distributed	PG.94	PG.77	Financial and Economic Inclusion



Disclosure		IR Report	ESG Report	Reference topic within this report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	PG.94	PG.77	Financial and Economic Inclusion
	201-2 Financial implications and other risks and opportunities due to climate change	PG.92	PG.74	Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	(-)	PG.57	Employees
	201-4 Financial assistance received from government	N/A: The bank take has not received any form of financial assistance from the government.		
Market Presence				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	(-)	(-)	
	202-2 Proportion of senior management hired from the local community	(-)	PG.97	Diversity
Indirect economic impacts				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	(-)	PG.77	Financial and Economic Inclusion
	203-2 Significant indirect economic impacts	PG.102	PG.94	Philanthropy and Foundation Work
Procurement Practices				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	PG.100	PG.90	Supplier Engagement
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	PG.100	PG.90	Supplier Engagement
	205-2 Communication and training about anti-corruption policies and procedures	PG.104	PG.47	Regulatory Compliance
	205-3 Confirmed incidents of corruption and actions taken	(-)	PG.47	Regulatory Compliance
Anti-competitive behavior				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	PG.83	PG.61	Regulators and Policy Makers
Tax				
GRI 207: Tax 2019	207-1 Approach to tax	PG.82	PG.61	Regulators and Policy Makers
	207-2 Tax governance, control, and risk management	PG.82	PG.61	Regulators and Policy Makers
	207-3 Stakeholder engagement and management of concerns related to tax	PG.82	PG.62	Government
	207-4 Country-by-country reporting	PG.146	(-)	(-)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not quantified: At present, we have no disclosure on materials used by weight or volume. We are diligently working towards providing comprehensive disclosure on our energy management in our 2023 reports.		
	301-2 Recycled input materials used	PG.90	PG.72	Waste Management & Pollution
	301-3 Reclaimed products and their packaging materials	Not applicable: The bank does not disclose information regarding reclaimed products and their packaging materials as it is not relevant to our operations. We focus our reporting efforts on areas that are more closely aligned with our sustainability goals and impact.		
	Energy			
	302-1 Energy consumption within the organization	PG.90	PG.71	Energy Efficiency
	302-2 Energy consumption outside of the organization	Not applicable: At present, we have no disclosure on energy consumption outside of the organization as it is not applicable to our operations.		

Disclosure	IR Report	ESG Report	Reference topic within this report
302-2 Energy consumption outside of the organization			
302-3 Energy intensity	Not applicable: At present, we have no disclosure on energy intensity as it is not relevant to our operations. We are diligently working towards providing comprehensive disclosure on our energy management in our 2023 reports.		
302-4 Reduction of energy consumption	PG.90	PG.71	Energy Efficiency
302-5 Reductions in energy requirements of products and services	(-)	PG.90	Supplier Engagement
Water and effluents			
303-1 Interactions with water as a shared resource	(-)	PG.70	Resource use (water, electricity, fuel)
303-3 Water withdrawal	(-)	PG.70	Resource use (water, electricity, fuel)
303-4 Water discharge	(-)	PG.70	Resource use (water, electricity, fuel)
GRI 301: Materials 2016			
303-5 Water consumption	(-)	PG.70	Resource use (water, electricity, fuel)
Biodiversity			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	We have no operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.		
304-2 Significant impacts of activities, products and services on biodiversity	PG.87	PG.66	Communities
304-3 Habitats protected or restored	We do not currently possess specific data on habitats protected or restored in our value chain		
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Our operations have not impacted any habitats that are home to species listed on the IUCN Red List or national conservation lists. We remain committed to responsible environmental stewardship, ensuring the protection of vulnerable species and their habitats.		
Emissions			
305-1 Direct (Scope 1) GHG emissions	N/A: The Bank is currently not ready to disclose information on direct Scope 1, 2, and 3 emissions. However, we are actively working towards providing full disclosure in these categories in our upcoming 2023 disclosures.		
303-5 Water consumption	(-)	PG.70	Resource use (water, electricity, fuel)
Biodiversity			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	We have no operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.		
304-2 Significant impacts of activities, products and services on biodiversity	PG.87	PG.66	Communities
304-3 Habitats protected or restored	We do not currently possess specific data on habitats protected or restored in our value chain		
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Our operations have not impacted any habitats that are home to species listed on the IUCN Red List or national conservation lists. We remain committed to responsible environmental stewardship, ensuring the protection of vulnerable species and their habitats.		



Disclosure		IR Report	ESG Report	Reference topic within this report
Waste				
306-1 Waste generation and significant waste-related impacts		(-)	PG.72	Waste Management & Pollution
306-2 Management of significant waste-related impacts		PG.90	PG.72	Waste Management & Pollution
306-3 Waste generated		PG.90	PG.72	Waste Management & Pollution
306-4 Waste diverted from disposal		PG.90	PG.72	Waste Management & Pollution
306-5 Waste directed to disposal		PG.90	PG.72	Waste Management & Pollution
Supplier environmental assessment				
308-1 New suppliers that were screened using environmental criteria		PG.100	PG.90	Supplier Engagement
308-2 Negative environmental impacts in the supply chain and actions taken		PG.100	PG.90	Supplier Engagement
Employment				
401-1 New employee hires and employee turnover		(-)	PG.57	Employees
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Due to the confidential nature of the matter, the bank is unable to disclose the specific benefits provided to full-time employees that are not extended to temporary or part-time employees.		
401-3 Parental leave		PG.95	PG.57	Employees
Labor/Management Relations				
402-1 Minimum notice periods regarding operational changes		We prioritize effective communication and stakeholder engagement; we currently do not have specific disclosures regarding minimum notice periods for operational changes. Our operational changes are managed in compliance with applicable laws, regulations, and industry best practices, ensuring appropriate consideration of any required notice periods.		
Occupational Health and Safety				
GRI 403: Occupational Health and Safety 2018	403-1	PG.98	PG.88	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	PG.98	PG.88	Occupational Health and Safety
	403-3 Occupational health services	The bank does not provide health services; therefore, incidents of work-related ill health are not applicable in our context.		
	403-4 Worker participation, consultation, and communication on occupational health and safety	PG.98	PG.88	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	PG.98	PG.88	Occupational Health and Safety
	403-6 Promotion of worker health	PG.98	PG.88	Occupational Health and Safety



Disclosure		IR Report	ESG Report	Reference topic within this report
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	PG.98	PG.88	Occupational Health and Safety management systems.
	403-8 Workers covered by an occupational health and safety management system	PG.98	PG.88	Occupational Health and Safety
	403-9 Work-related injuries	There have been no work-related injuries within our organization. Our staff is guided by a comprehensive OSHA policy, and we consistently prioritize their safety through regular training on work safety measures. This includes training on first aid, fire emergencies, and other critical situations. Moreover, the bank ensures the provision of adequate personal protective equipment (PPE) and diligently emphasizes its proper usage and maintenance.		
	403-10 Work-related ill health	We have had no incidents of work-related ill health. We remain committed to employee well-being.		
	Training and education			
	404-1 Average hours of training per year per employee	PG.97	PG.86	Training & Development
	404-2 Programs for upgrading employee skills and transition assistance programs	PG. 97	PG.86	Training & Development
	404-3 Percentage of employees receiving regular performance and career development reviews	PG.97	PG.86	Training & Development
GRI 405: Diversity and Equal Opportunity 2018	Diversity and equal opportunity			
	405-1 Diversity of governance bodies and employees	PG.109	PG.42	Board Composition
	405-2 Ratio of basic salary and remuneration of women to men	In consideration of the current data availability and completeness, we have chosen not to report the ratio of basic salary and remuneration of women to men at this time.		
	Non- discrimination			
	406-1 Incidents of discrimination and corrective actions taken	PG.93	PG.89	Labour Standards/Rights
	Freedom of association and collective bargaining			
	Diversity and equal opportunity			
	405-1 Diversity of governance bodies and employees	PG.109	PG.42	Board Composition
	405-2 Ratio of basic salary and remuneration of women to men	In consideration of the current data availability and completeness, we have chosen not to report the ratio of basic salary and remuneration of women to men at this time.		
	Non- discrimination			
GRI 407: Freedom of Association and Collective Bargaining 2016	406-1 Incidents of discrimination and corrective actions taken	PG.93	PG.89	Labour Standards/Rights
	Freedom of association and collective bargaining			
	406-1 Incidents of discrimination and corrective actions taken	PG.93	PG.89	Labour Standards/Rights
	Freedom of association and collective bargaining			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	PG.100	PG.89	Labour Standards/Rights



GRI CONTENT INDEX

Disclosure		IR Report	ESG Report	Reference topic within this report
Child Labor				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	PG.100	PG.89	Labour Standards/Rights
Forced or compulsory labor				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	PG.100	PG. 89	Labour Standards/Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	PG.100	PG. 89	Labour Standards/Rights
Child Labor				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	PG.100	PG. 89	Labour Standards/Rights
Forced or compulsory labor				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	PG.100	PG. 89	Labour Standards/Rights
Security Practices				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	(-)	PG.90	Supplier Engagement
Rights of Indigenous peoples				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	The bank upholds the rights of indigenous peoples and has had no incidents of violations in this regard.		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	PG.102	PG.66	Communities
	413-2 Operations with significant actual and potential negative impacts on local communities	The bank ensures that its operations have no significant actual or potential negative impacts on local communities.		
Supplier social assessment				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	PG.86	PG.90	Supplier Engagement
	414-2 Negative social impacts in the supply chain and actions taken	PG.86	PG.90	Supplier Engagement



GRI CONTENT INDEX

Disclosure		IR Report	ESG Report	Reference topic within this report
Supplier social assessment				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	PG.86	PG.90	Supplier Engagement
	414-2 Negative social impacts in the supply chain and actions taken	PG.86	PG.90	Supplier Engagement
GRI 415: Public Policy 2016	415-1 Political contributions	The bank maintains a clear policy of not engaging in any form of political contributions.		
Customer health and safety				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	In line with the industry standards and focus areas, the bank does not disclose information on the assessment of health and safety impacts of product and service categories as it is considered not applicable to our operations.		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	The bank has not experienced incidents of non-compliance concerning health and safety impacts of products and services. More on how we ensure health and safety of our products and services (PG.12 Customers)		
Marketing and Labeling				
GRI 415: Public Policy 2016	415-1 Political contributions	The bank maintains a clear policy of not engaging in any form of political contributions.		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	PG.79	PG.53	Customers
	417-2 Incidents of non-compliance concerning product and service information and labeling	(-)	PG.47	Regulatory Compliance
	417-3 Incidents of non-compliance concerning marketing communications	(-)	PG.47	Regulatory Compliance
Customer Privacy				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	(-)	PG.91	Data Security and Privacy



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## Environmental, Social and Governance Report 2022