



# Beyond Profits

# Welcome to our 2023 ESG Report

We are pleased to present the Co-operative Bank's Environmental, Social, and Governance (ESG) Report for 2023. 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.

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## About this Report

This report is an integral part of our reporting suite and supplements the Co-operative Bank's Integrated Annual Report. It details the Group's sustainability progress for the year ended 2023.

Our overarching theme for the year 2023, encapsulated in the phrase 'Beyond Profit,' signifies our commitment to outcomes that transcend financial success. It reflects our belief in contributing lasting values and making a meaningful difference.

Focusing on the period from January 2023 to

December 2023, this report details Co-operative Bank's adherence to the formal Board-approved ESG Policy Framework introduced in 2022.

This report has been prepared following the Global Reporting Initiative (GRI) standard Core Option. No restatement of information is required for data presented in previous iterations of this report. It provides a comprehensive overview of our current practices, showcasing the integration of ESG considerations into our business processes and decision-making

mechanisms. Notable milestones, particularly environmental and social impacts on the communities we serve, are highlighted, setting the stage for our future outlook.

Emphasizing transparency and accountability, this report adheres to reporting standards, ensuring our stakeholders receive accurate and balanced information. In alignment with established standards, such as the Global Reporting Initiative (GRI) Universal Standards – Core option, sustainable finance principles

by the Kenya Bankers Association, and reporting standards from the Nairobi Securities Exchange (NSE), this document delves into our Environmental, Social, and Governance (ESG) performance and impact.

Throughout this report, "Co-op Bank" or "the Bank" or "We" refers to Co-operative Bank Group. Our commitment to sustainable and ethical business practices is underscored, emphasizing our dedication to creating a positive impact in the communities we serve.

## Reporting Scope & Frameworks

This report covers the period from January 2023 to December 2023 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 Ernst & Young (EY) as referenced in our annual Integrated Report [www.co-opbank.co.ke/investor-relations/integrated-reports/](http://www.co-opbank.co.ke/investor-relations/integrated-reports/) ↗

More information on the Independent Auditor's Report is available in our [Annual Integrated Report 2023 pg.144](#) ↓

## Additional Links Supplementary Details

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+254-703-027-000

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## Download Information

To download a copy of this report, or sustainability reports from previous years, please visit the Co-operative Bank website at: [www.co-opbank.co.ke/sustainability](http://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) ↗

## Look out for these symbols

- ↗ A link that directs you to a website
- ↗ A link within the report
- ↓ A link to a download

# From the Leadership Desk

# Message from the Chairman

On behalf of the Board of Directors, I am pleased to present our Environmental, Social, and Governance (ESG) report for 2023.

Our commitment to environmental, social, and governance (ESG) principles remains steadfast and integral to our core values and strategic vision.

The world faces unprecedented environmental, social, and economic challenges. As a responsible Kenyan financial institution, the Co-operative Bank of Kenya is uniquely positioned to address these challenges and build upon our legacy of contributing to a more sustainable future. We are committed to aligning our actions with global frameworks like the UN Sustainable Development Goals (SDGs) and supporting national priorities such as Kenya's Vision 2030 and the Paris Agreement commitments.

Founded upon the principles of the Co-operative Movement, the Co-operative Bank of Kenya possesses a deep-rooted commitment to delivering affordable services for the benefit of our stakeholders. This commitment is driven by our long-standing belief that sustainable development and profit growth are intrinsically linked.

Our 2023 theme, 'Beyond Profit,' perfectly embodies this commitment to creating sustainable impact. We continue to build upon existing foundations that extend beyond mere compliance to shape a future of resilience, inclusivity, and environmental stewardship.

The Board of Directors recognizes the imperative of long-term sustainability, fostering ethical conduct, building resilient communities, and taking climate action. These principles are embedded in our revised Charter, integrating ESG factors and responsible risk management into our strategic vision. Additionally, we are deeply committed to supporting Kenya's transition to a low-carbon and inclusive economy.

Our dedication has been recognized both locally and internationally. In 2023, we received esteemed accolades like the Overall Winner at the Kenya Bankers Association Sustainable Finance Catalyst

Awards and the IFC Global SME Finance Award. These recognitions are a testament to our continuous pursuit of excellence, innovation, and sustainability.

This year, we further strengthened our commitment to sustainability. The development of our Sustainable Finance Framework and enhancements to our Environmental and Social Management System ensure we continue to uphold the highest standards of responsible banking. This translates into promoting financial inclusion and environmental conservation with transparency and accountability at the forefront, all while aligning with global standards.

The Co-operative Bank of Kenya embraces its role in advancing Kenya's progress toward the Sustainable Development Goals (SDGs) and the Paris Agreement. As a responsible financier, we actively develop solutions that address pressing challenges, recognizing the potential risks and opportunities posed by climate, environmental, and social changes. Through impactful partnerships, we are committed to proactive management of these factors to create long-term value and a more just and equitable world.

Our unwavering focus is to create long-term shared value for our stakeholders, customers, and communities. This translates into driving innovation, expanding our sustainable product offerings, and continuously raising the bar for ethical conduct. We foster a culture of diversity and inclusion, ensuring our workforce and practices reflect the communities we serve.

At the Co-operative Bank of Kenya, sustainability is not just a strategic pursuit, it's embedded in the very core of who we are. This commitment

thrives through the dedication of our exceptional employees, whose unwavering focus on our shared values translates our vision into tangible results every day.

To our valued customers, your continued trust in our institution and your own commitment to a sustainable future empowers our collective efforts to build a more positive and equitable world.

We deeply value the support and collaboration of our regulators, industry partners, and the communities in which we operate. Together, we are driving transformative solutions that address complex challenges and shape a more resilient future for all.

The journey toward a truly sustainable future demands continuous progress and a deep understanding that challenges of this scale transcend borders. The Co-operative Bank of Kenya remains steadfast in its commitment to move 'beyond profit,' build a resilient bank that leaves a positive legacy for generations to come, and honors the trust of all our stakeholders.

We embrace collaboration as the cornerstone of meaningful impact, working alongside the governments, businesses, communities, and individuals to drive the systemic changes necessary for a more just and sustainable world.

**Mr. John Murugu, OGW  
Chairman**



# Message from the CEO & GMD

I am pleased to present to you the Co-operative Bank's 2023 ESG Report.

This report highlights our commitment to move beyond profit, guided by our deep-rooted ESG values we are building a legacy where financial success and positive societal impact go hand-in-hand.

As we reflect on 2023, Co-operative Bank proudly upholds its tradition of sustainable banking, established in 1968. Our deep-rooted commitment to Environmental, Social, and Governance (ESG) principles has steered our strategic decisions and operations, moving us beyond profit to create lasting positive change.

We continue to support global and national sustainability agendas, aligning our operations with the United Nations Sustainable Development Goals (SDGs) and supporting Kenya's efforts under the Paris Agreement to combat climate change.

We are proud of our key achievements in 2023. Integration of ESG goals into our governance framework continues to strengthen our operations and strategic direction. Our Board-approved ESG policy framework remains pivotal in guiding our business decisions. This year, we enhanced our Sustainable Finance Framework and Environmental and Social Management System (ESMS) ensuring that we continue to adhere to responsible banking practices that align with global standards.

Our contributions to ecological conservation projects such as the Lusoi Forest Afforestation, which aligns with national reforestation goals and serves as a critical carbon sink, reflects our proactive stance against climate change.

We continue to drive financial inclusion across various sectors leveraging on digitization to enhance access to banking services. Our focus on micro, small, and medium enterprises (MSMEs) has empowered businesses through various financial and non-financial services.

The rollout of the Direct Settlement System has revolutionized payment processes for our agricultural stakeholders, ensuring transparency and efficiency that directly benefit thousands of coffee farmers.

In 2023 we successfully implemented the latest Finacle core banking system which will significantly boost our operational efficiency, security, and customer experience.

Our commitment to sustainable banking has been widely recognized with prestigious awards, including the FIRE Awards for Sustainability Reporting and the Kenya Banker's Catalyst Awards, which underscore our leadership in sustainability.

Being named the SME Financier of the Year in Africa at the IFC Global SME Finance Award 2023 further reaffirms our role as a leading bank committed to fostering social and financial inclusion, thereby catalyzing economic growth across the continent.

Looking ahead, Co-operative Bank remains at the vanguard of sustainable banking, supporting

Kenya's transition to a low-carbon economy. We are committed to leveraging our ESG foundations to explore new opportunities that benefit our stakeholders and the planet.

We will continue to expand our sustainable finance portfolio and enhance our digital offerings to promote widespread financial access. Our commitment to embedding sustainability across all operations includes exploring impactful partnerships that accelerate progress towards the Sustainable Development Goals (SDGs). Our future plans are designed to sustain this trajectory, fostering an environment where we generate long-term value for our stakeholders while ensuring that our services are both inclusive and environmentally conscious.

I extend my deepest gratitude to our customers, employees, and partners for their steadfast support. Your commitment to our vision empowers us to make a meaningful impact and continue our journey beyond profit.

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



# About Us

# About Us

The Group continues to perform well recording a profit after tax of KShs. 23.2 billion, a 5.2% year-on-year growth.

Co-operative Bank, known for its significant contributions to Kenya's financial landscape, has been a beacon of innovation, inclusion, and sustainability since its inception. Established in 1968 with a modest capital base, it is now the fourth largest tier one bank in Kenya. The bank's journey is marked by strategic milestones that underscore its commitment to growth, community empowerment, and environmental sustainability.



## Our Journey through the years

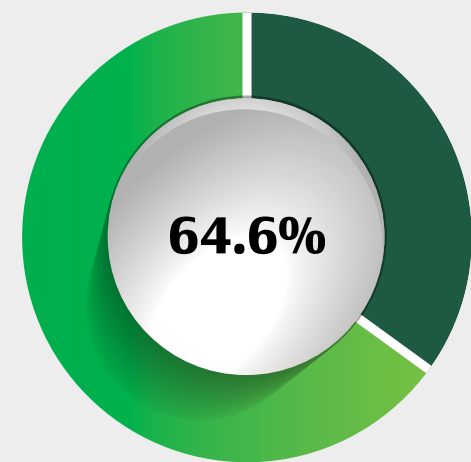
<p><b>1966 - 1968</b></p> <p>The Co-operative Bank of Kenya is established and opens its doors in year 1968</p>	<p><b>1994</b></p> <p>Converts into a full-fledged Commercial Bank to bank other customers beyond Co-operatives including individuals, corporates, and other institutions</p>	<p><b>1998</b></p> <p>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.</p>	<p><b>2000</b></p> <p>The Bank makes a huge loss of KShs. 2.3 Billion</p>	<p><b>2002</b></p> <p>Returns to profitability reporting KShs. 103 Million profit. The bank reoccupies the renovated Cooperative House Building</p>
<p><b>2005</b></p> <p>Doubles its share capital from KShs. 1.2 Billion to KShs. 2.3 Billion through share capital injection of KShs. 1.1 Billion.</p>	<p><b>2007 - 2008</b></p> <p>Records a complete turnaround by reporting a KShs. 2.3 Billion Profit Before Tax. Successfully listed in the Nairobi Securities Exchange in 2008.</p>	<p><b>2009 - 2013</b></p> <p>The Bank undergoes its most rapid expansion by opening 77 branches. Customer accounts grow from 700,000 to 4.1 Million.</p>	<p><b>2014 - 2015</b></p> <p>Embarks on the bold 'Soaring Eagle' Transformation Agenda to scale greater frontiers serving over 5.9 Million account holders.</p>	<p><b>2016</b></p> <p>The Group registers continued growth with a PBT of KShs. 17.7 Billion and an asset base of over KShs. 351.8 Billion.</p>
<p><b>2017</b></p> <p>The Group records a PBT of KShs. 16.4B, a commendable performance against the backdrop of a tight operating environment; Interest rates capping and general economic slowdown.</p>	<p><b>2018</b></p> <p>The Group continues to soar higher recording a PBT of KShs. 18.16 Billion, 11% higher than KShs. 16.4 Billion in 2017.</p>	<p><b>2020 - 2021</b></p> <p>Demonstrates resilience during the Covid-19 pandemic; restructuring KShs. 49 billion to support customers. Group acquires Kingdom Bank Ltd (Formerly Jamii Bora Bank). The Group reports KShs. 22.6 billion in PBT for FY2021.</p>	<p><b>2022</b></p> <p>The Group registers a PBT of KShs. 29.4 billion, a growth of 30% year on year. Continued support to customers recovering from effects of the pandemic through innovative solutions. Introduces a dedicated ESG Unit and Committee.</p>	<p><b>2023</b></p> <p>Co-op Bank achieves a 10% year-on-year growth with a profit Before Tax of KShs. 32.4 billion. We implement a new Core Banking system, aligning with our digital goals to enhance customer experience and operational efficiency.</p>



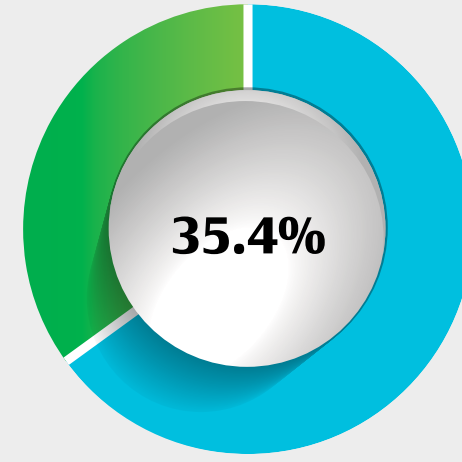
# Our Ownership Structure

## Group Structure

The Bank has a diverse shareholding ranging from the strategic shareholding by Co-opholdings Co-operative Society Ltd (64.56%) to minority shareholders (35.44%). Local companies and individuals account for 99.09% of the shareholding.



Co-operative Holdings, Co-operative Society

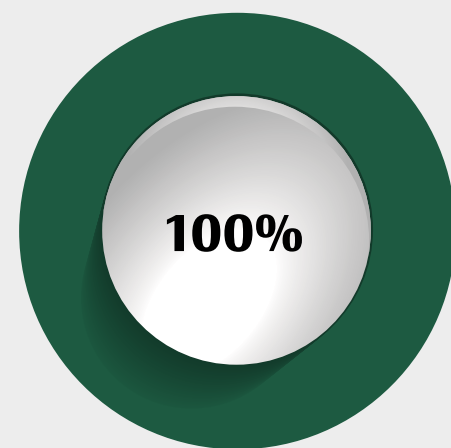


Minority Shareholders

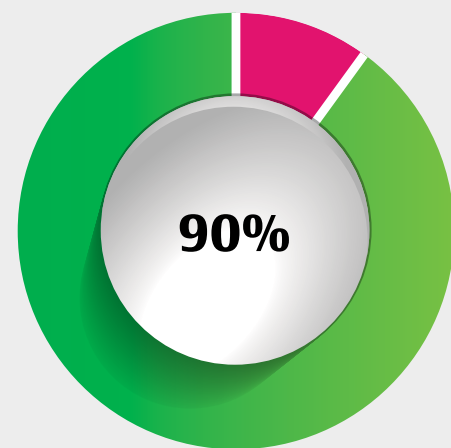
## The Co-operative Bank of Kenya



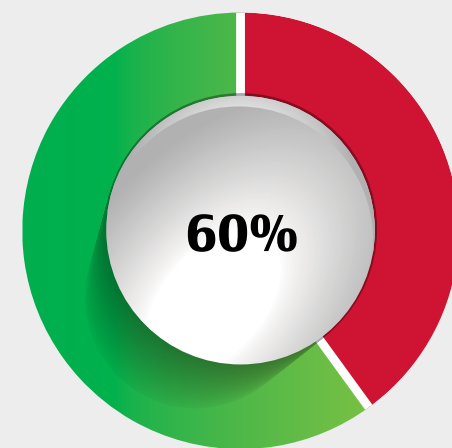
Co-optrust Investments Services Ltd



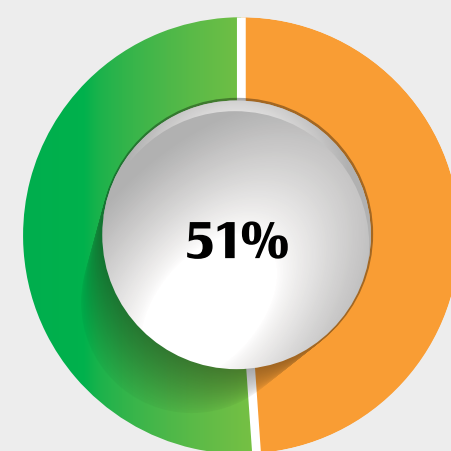
Co-op Consultancy & Bancassurance Intermediary Ltd



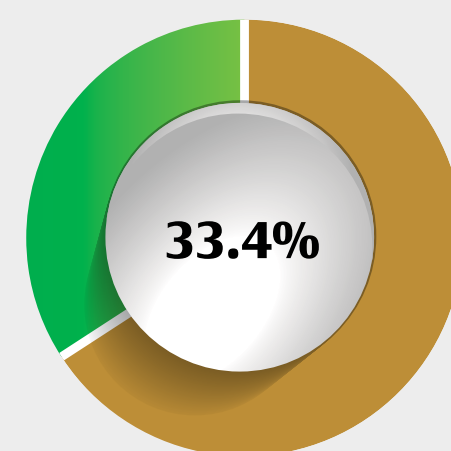
Kingdom Bank Ltd



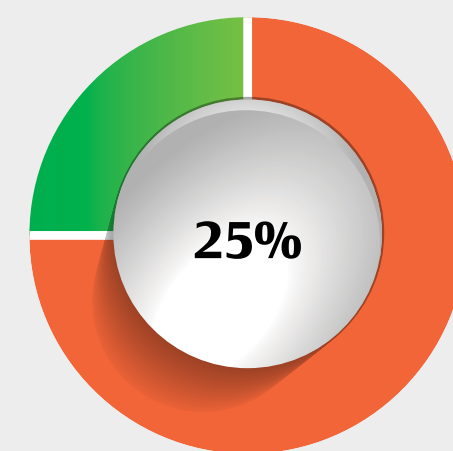
Kingdom Securities Ltd



Co-operative Bank of South Sudan

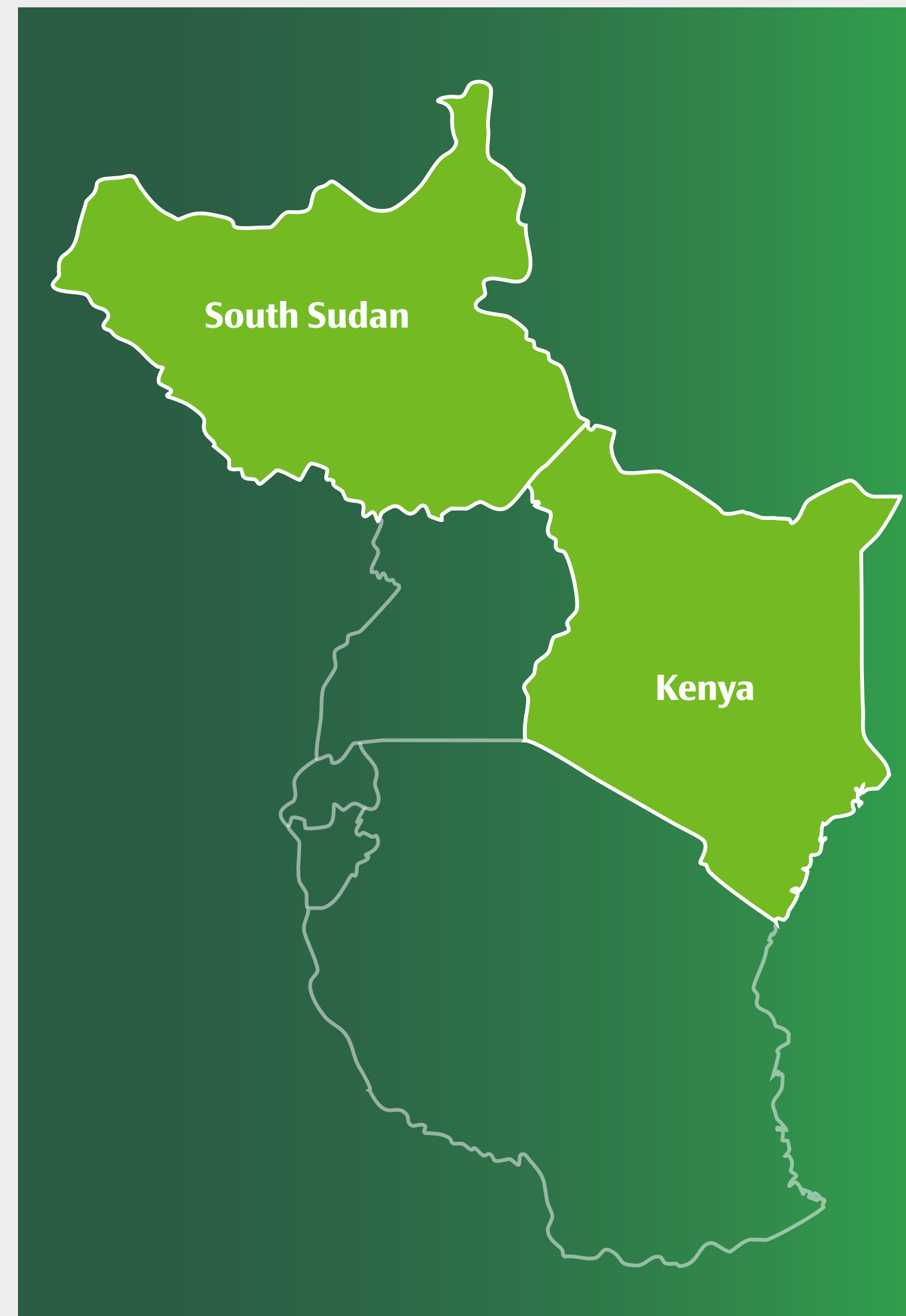


Co-operative Insurance Society Ltd



Co-op Bank Fleet Africa Leasing

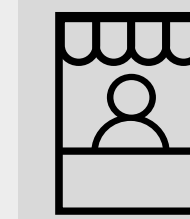
## Regional Presence



**194**  
branches  
across Kenya



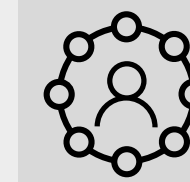
**21,000**  
Diaspora  
Customers



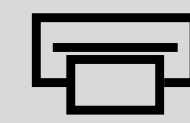
**4,875**  
Merchants  
across Kenya



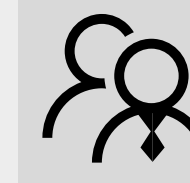
**24hr**  
Contact  
Centre



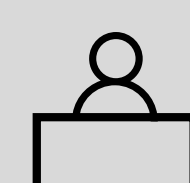
**5 million**  
Omni Channel  
Customers



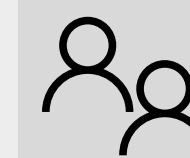
**599**  
ATMs & Cash  
Deposit Machines



**5,400**  
Members  
of Staff

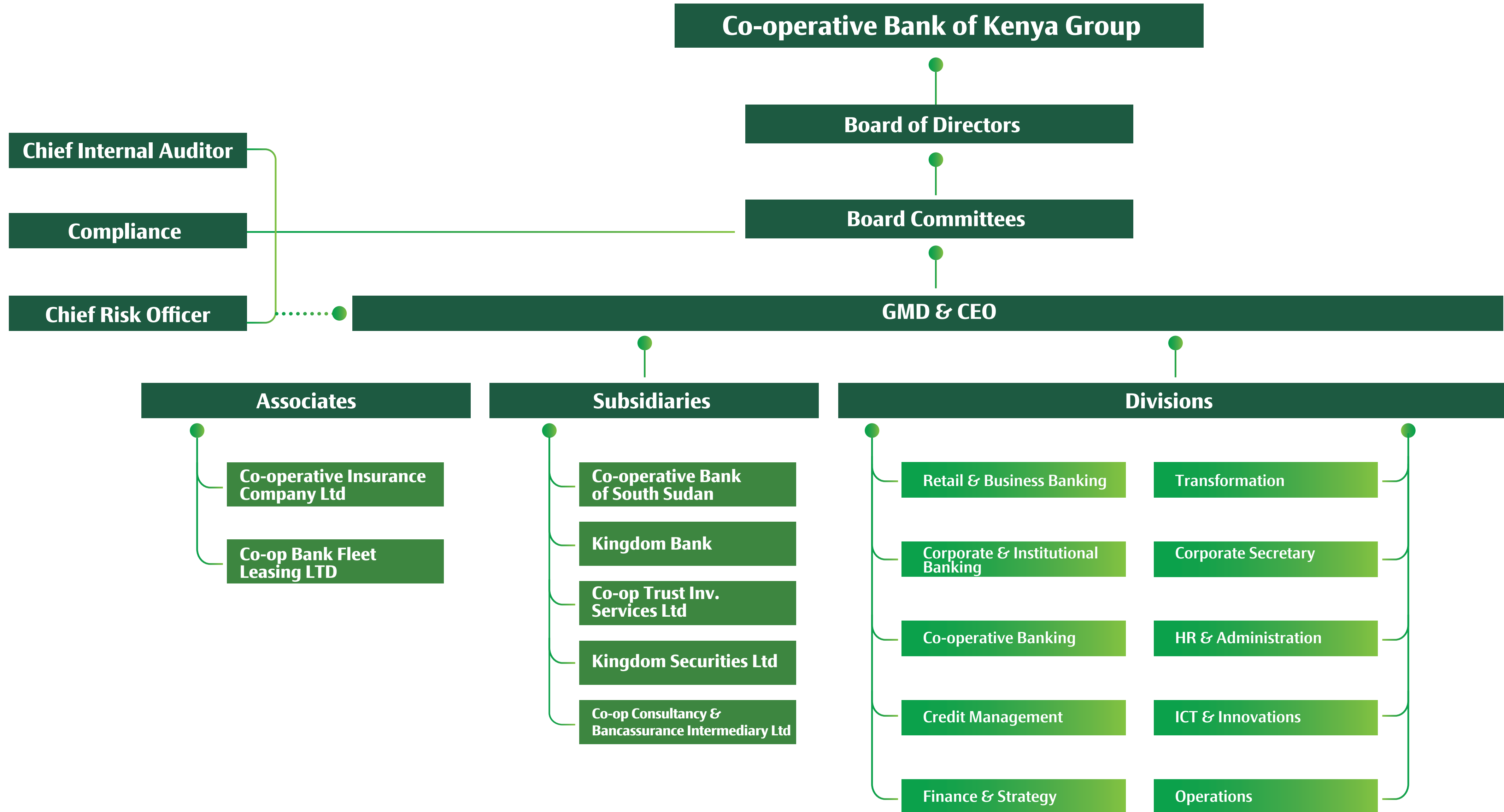


**484**  
SACCO Front  
Offices



**17,000**  
Co-op Kwa Jirani  
Agents

# Our Group Structure



# What We Do

## Our Key Business

## What We Do

<b>Retail &amp; Business Banking Divisions</b>	<ul style="list-style-type: none"> <li>• Providing financial solutions to individual customers, Micro, Small and Medium Enterprises.</li> </ul>
<b>Corporate &amp; Institutional Banking</b>	<p>Providing financial solutions to:</p> <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>
<b>Co-operatives Banking Division</b>	<ul style="list-style-type: none"> <li>• Large Saccos</li> <li>• Housing Saccos</li> <li>• Agricultural and other Co-operatives</li> <li>• PSV/Transport Saccos</li> <li>• Investment Saccos</li> <li>• Housing Saccos</li> </ul>
<b>Kingdom Bank</b>	<ul style="list-style-type: none"> <li>• A niche MSME Bank providing financial services</li> </ul>
<b>Co-optrust Investment Services Ltd</b>	<ul style="list-style-type: none"> <li>• Fund Management Services</li> </ul>
<b>Co-op Consultancy &amp; Bancassurance Intermediary Ltd</b>	<ul style="list-style-type: none"> <li>• Banc-Assurance Services Consultancy and capacity building services to Co-operative Societies</li> </ul>
<b>Kingdom Securities Ltd</b>	<ul style="list-style-type: none"> <li>• Stock Brokerage Services</li> </ul>
<b>Co-opbank Fleet Africa Leasing Limited</b>	<ul style="list-style-type: none"> <li>• Leasing Solutions to Retail, MSME's, Corporates, PSVs, Government and Non-Government</li> </ul>

## What We Deliver

- Deposit/Instant Access
- Savings Accounts
- Current Accounts
- Fixed/Call Deposit Accounts
- Forex Products
- Payment Solutions
- Funds Transfer
- Funds access across all our channels
- M-Wallet Loans
- Trade Finance
- MSME Loans
- Personal/Consumer Loans
- Working Capital Loans
- Asset Finance
- Insurance Premium Financing
- Mortgage Finance
- Investment services
- Banc-Assurance
- Consultancy and capacity building
- Stock Brokerage
- Leasing

## We Enable Our Customers to



**Borrow**



**Save**



**Manage Risk**



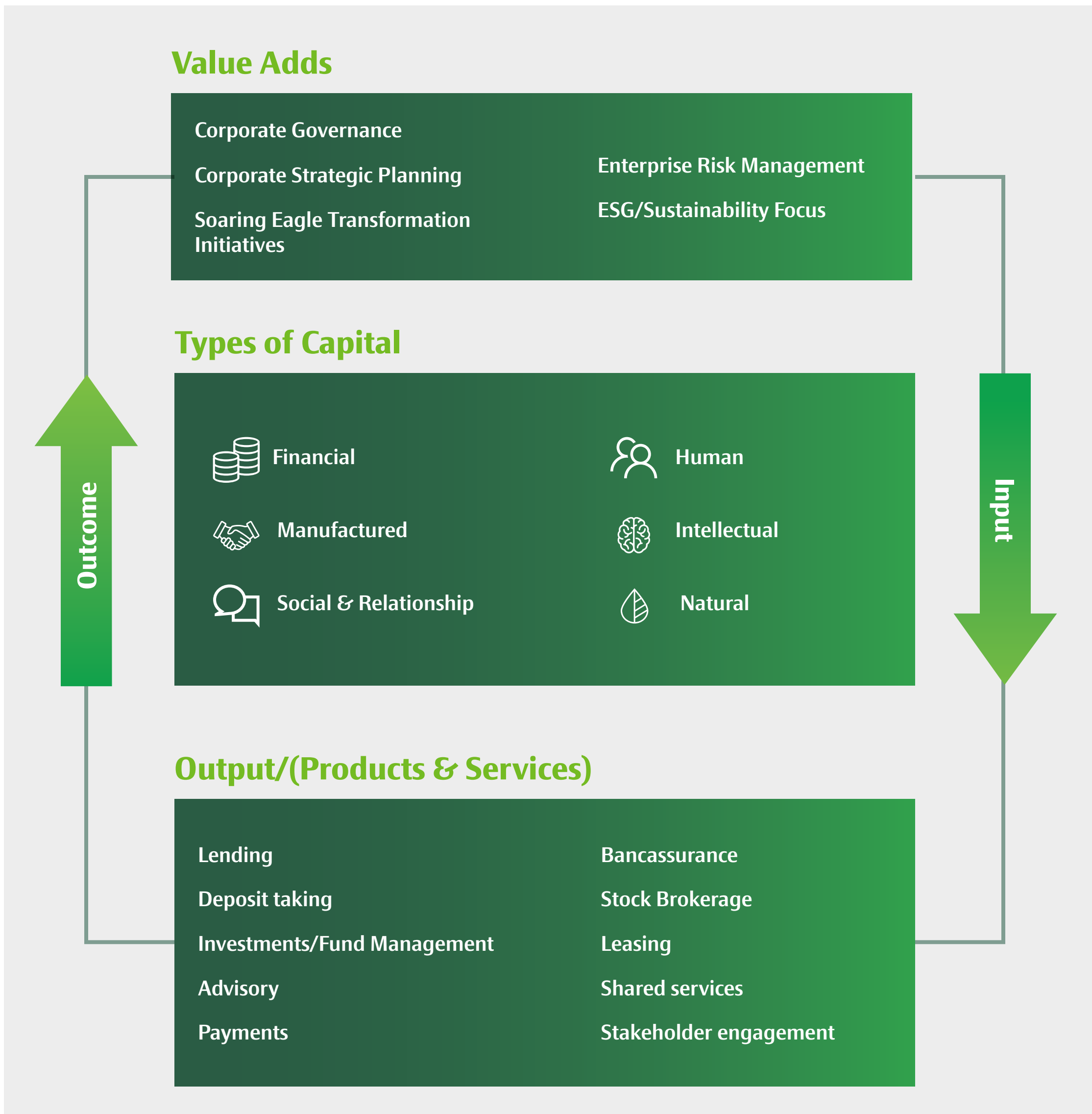
**Invest**



# Our Business Model

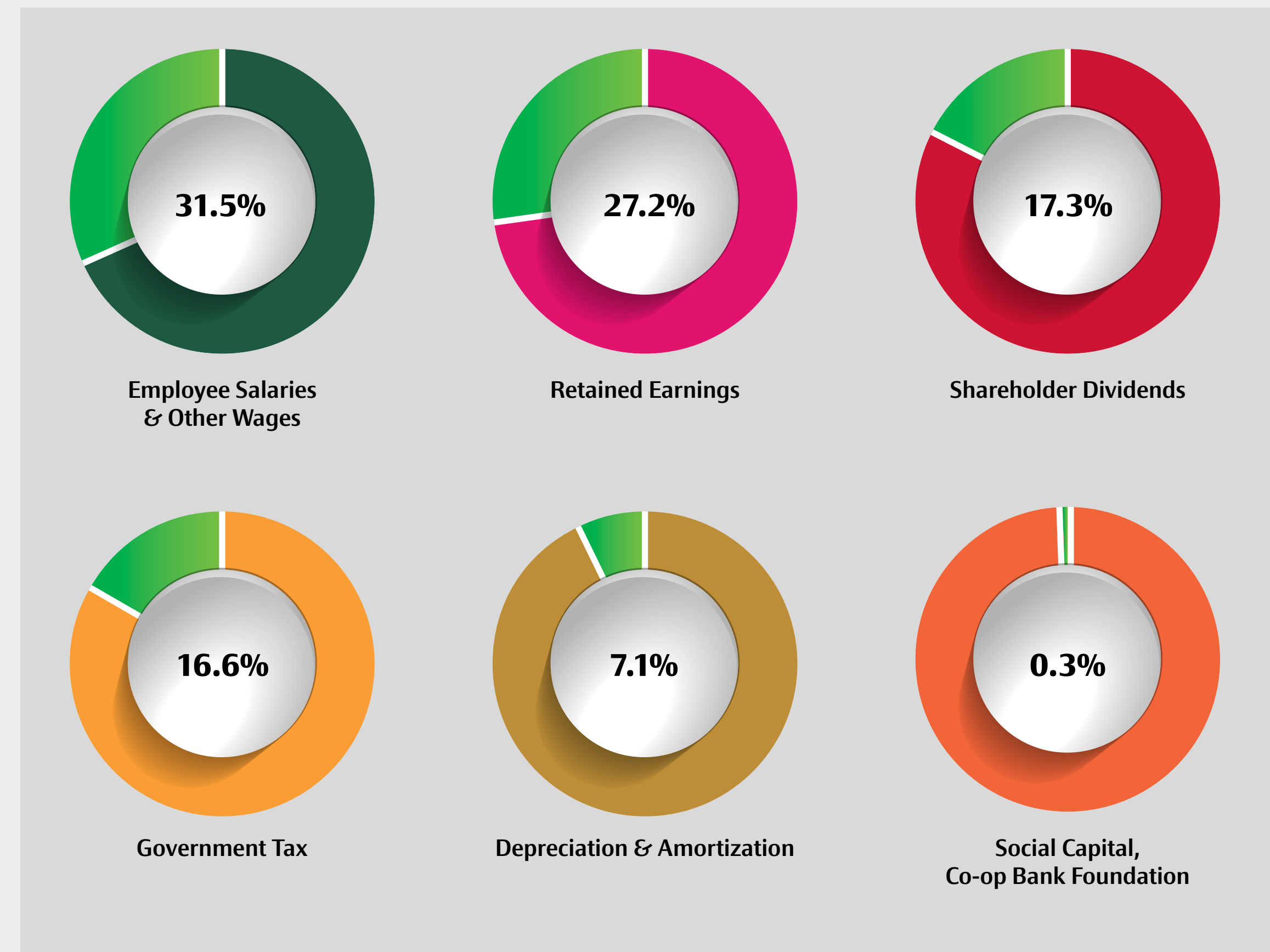


# How We Create Value



## Economic Value Created in 2023

# KShs. 47.5B



# Driven by our Purpose

For over 50 years, we have supported Kenya through the good times and the bad.

Given our clear purpose and unique position at the heart of our economy, we embrace our responsibility to help address some of the biggest economic, social and environmental challenges that we face.

## Key Enablers

Our Operating Environment

- Our Business Model
- Our Capital
- Our Transformative Culture
- Environment Social & Governance

## ESG at the Heart of Co-op

ESG Framework

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

## Transforming Lives

To deliver on our purpose and meet our stakeholders needs, we employ our sustainable business model.

Our Purpose	Our Mission	Our Vision
A financial institution predominantly owned by the Kenyan Co-operative movement transforming lives.	To offer a wide range of innovative financial solutions leveraging on our heavy investments in multi channels, national and regional presence, and with a focus on excellent customer experience by a highly motivated and talented team	To be the dominant bank in Kenya and the region riding on the unique Co-operative model providing innovative financial solutions for distinctive customer experience.

## Our Core Values

<b>Trustworthy</b>	<b>Collaboration</b>	<b>Bold</b>	<b>Innovative</b>	<b>People First</b>	<b>Excellence</b>

Mission			Vision			Core Values		

## Our Partners





# Awards

## KENYA BANKERS – CATALYST AWARDS 2023

- Overall Winner – KBA’s 2023 Catalyst Awards
- Best in Financing Commercial Clients
- Most innovative Bank
- Best in promoting gender inclusivity
- Best in Promoting PWD (People With Disability)
- 2nd runners up – Best in Financing MSMEs
- 3rd runners up – Best in Sustainable finance
- 2nd runners up – SME

## KENYA BANKERS – CUSTOMER SATISFACTION SURVEY 2023

- Best Bank in Customer Satisfaction

## THE MIDDLE EAST AND AFRICA AWARDS 2023

- Best Omnichannel Technology Implementation – By The Asian Banker Global

## EMEA FINANCE AFRICAN BANKING AWARDS 2023

- Best Bank – Kenya
- Best Asset Manager, Co-op Trust Investments Services – Kenya

## OTHER 2023 AWARDS

- Winner – Environmental and social reporting – Fire Awards
- Winner – Excellence in Banking customer experience 2023
- Winner – Best Women and Youth empowerment Programs – by the CSR 100

www.co-opbank.co.ke

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

Once more, and for the fourth time in 6 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

FB Co-op Bank Kenya(Official)
 Twitter @Coopbankkenya  
 Co-operative Bank is regulated by the Central Bank of Kenya

**CO-OPERATIVE BANK**  
 We are you



The CEO Kenya Banker’s Association, Dr. Habil Olaka (extreme R) presents The Overall Best Bank in Customer Satisfaction in Kenya, to the Co-op Bank Customer Experience Team Lead, Ms Rose Nyamweya. Over 30,000 banking customers across the country participated in the survey. Customer satisfaction is the single-most determinant of market success.



Co-operative Bank wins several Sustainability awards making the Bank overall winner in the KBA Catalyst Awards

# Sustainability at Co-operative Bank

# Our Approach to ESG

Since its establishment in 1968, Co-operative Bank has remained steadfast in its commitment to sustainability and ethical practices. This is in line with our purpose to transform the lives of millions through inclusive growth, fortifying our role in the Cooperative Movement, refining our customer experiences, digital innovation, addressing emerging risks, and pursuing a positive societal, economic, and environmental impact.

A strategic focus on these areas has continued to position the Bank in an upward trajectory for resilient growth and long-term stakeholder value creation.

In 2022, the bank bolstered its commitment to sustainability by integrating Environmental, Social, and Governance (ESG) considerations into its business and operations.

This was orchestrated through the ESG policy framework that targets five key areas: establishing a solid ESG foundation through our ESG framework, implementing Environmental and Social Management Systems (ESMS), managing ESG-related risks, developing a sustainable finance framework, and integrating management of climate-related risks into our decision-making processes.

Our renewed ESG focus has been pivotal, with noteworthy achievements in governance, policy development, and capacity building.

ESG capacity building has been a key success driver in the framework implementation. With focused programs to enhance knowledge, skills, and expertise in ESG issues, principles, practices, and regulations, staff have been enabled to seamlessly integrate ESG principles into their daily operations.

Continuous ESG themed engagements with staff have also played a role in fostering a culture of responsibility and commitment toward sustainable practices.

This has further been fortified by the incorporation of ESG goals at the Board of Management level which have been cascaded to ESG Champions in every Division.

## ESG Practices in Co-op Bank

Implementation of the Board-approved ESG Policy Framework focused on five key areas: ESG framework, Environmental and social Management System (ESMS), ESG risk management, Climate-related risk management and integration, and Sustainable Finance framework.

The Bank has integrated board-approved Environmental and Social Management Systems (ESMS) into daily business practices.

Driving and integration of ESG agenda into business practices and operations through a dedicated ESG Unit, appointed ESG champions across all divisions, control functions, and subsidiaries of the bank to implement the ESG agenda

A cross-functional ESG Committee has been formally appointed to enhance the operationalization of our ESG Policy Framework through a cross functional ESG Committee that uses ESG Key Performance Indicators (KPIs) have been cascaded throughout the Bank.

Enhanced the Board Charter, Board of Directors, and Board of Management's terms of reference have been enhanced with ESG roles and responsibilities.

We have a formal, Board-approved Environmental and Social Management System (ESMS). It is aligned with our strategic objectives, mission, vision, and purpose.

The Environmental and Social Management System (ESMS) is governed and owned at the Board of Directors level and integrated into our day-to-day activities and lending activities

We apply the ESMS in conjunction with other policies within our enterprise risk management framework, ensuring a holistic approach to risk. The ESMS is governed and owned at the Board of Directors level and aligns with our strategic objectives, mission, vision, and purpose.

Customized bank policies based on our portfolio, structure and responsibilities while referencing to the International Finance Corporation (IFC) guidelines and the IFC exclusion list for our lending.

Adaptation of the Kenya Bankers Association Sustainable Finance guiding principles and minimum standards in their entirety.

Investing directly in Environmental & Social (E&S) initiatives by partnering with development financial institutions to provide special credit lines that promote E&S sustainability. (Borrowed funds Kshs. 67.3B in 2023)

Continuous training for all our staff to cultivate best practices.

We conduct our own activities with regard for the environment and the communities within which we operate.





## 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**



# ESG Governance

We believe that the successful implementation of all policies and frameworks is because of our robust governance structures. The foundational structure not only reinforces our unwavering commitment to transparency, accountability and strategic decision-making but also oversees the Bank's overarching strategy come to life for effective and principled operations.

We aim to ensure transparency and accountability as per our pillars of governance. To do this, we use various reporting frameworks and standards to disclose our ESG performance as mentioned in 'About this integrated report' section of the integrated report. These standards ensure comprehensive, industry-specific, and globally recognized reporting that aligns with investor expectations, regulatory requirements, and the diverse interests of stakeholders.

In 2022, Co-operative Bank solidified its ESG governance structure, ensuring strategic alignment with sustainability goals. 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.

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 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.

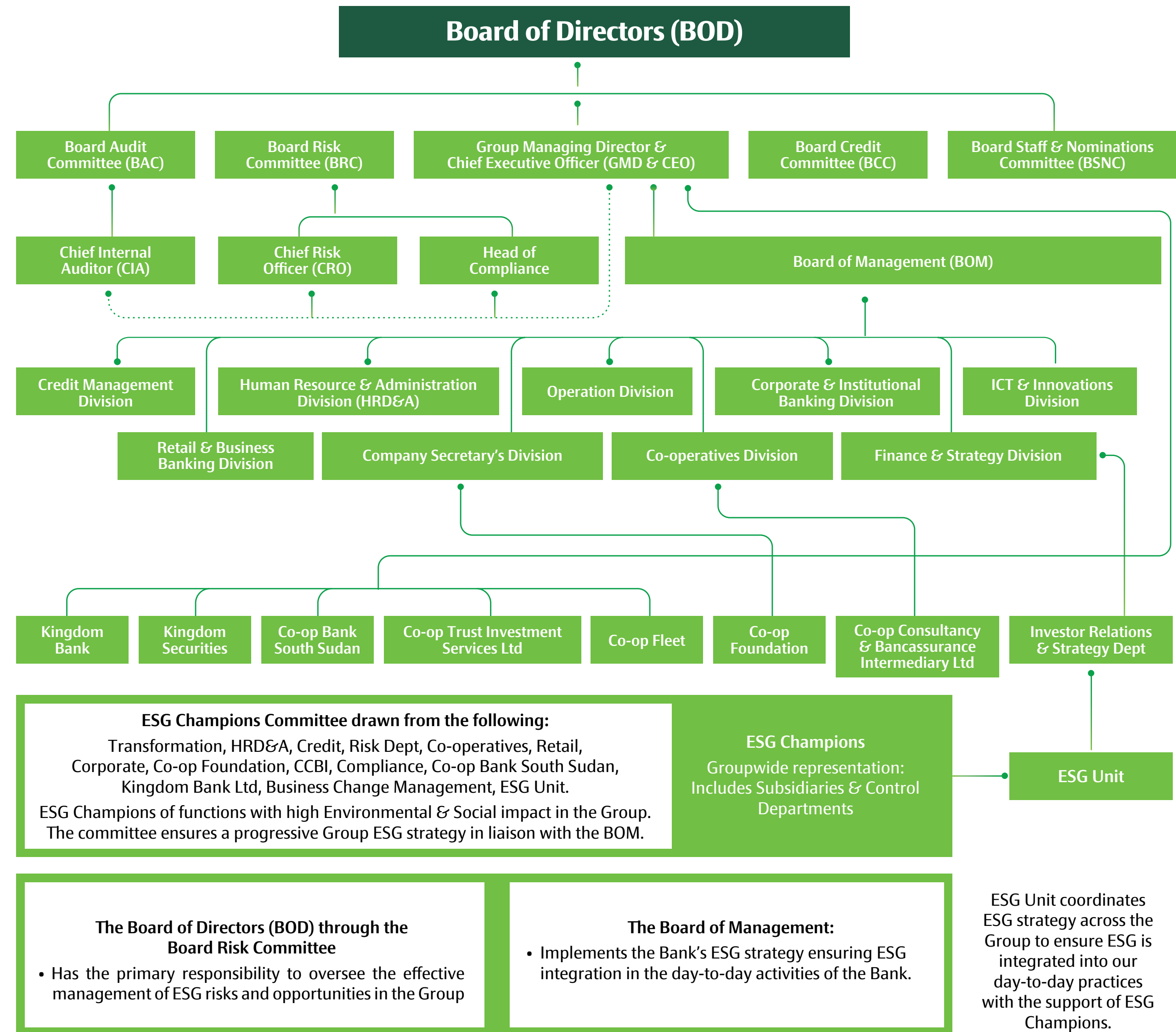
The Bank's management is essential in implementing the ESG and Climate Change strategy. The Board of Management, as outlined in its terms of reference, approves the Bank's ESG strategy and commitments, and oversees their implementation as per the roadmap approved by the Board Risk Committee.

To execute these strategies efficiently, the Bank has established the ESG Champions Committee and a dedicated 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 meets at least once a month, exemplifying the active and ongoing governance process at the heart of our ESG program.

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 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.



# Our ESG Policy Framework

Our ESG Policy Framework is a cohesive structure guiding Co-operative Bank's strategic approach to Environmental, Social, and Governance (ESG) obligations. It orchestrates an interconnected network of policies, procedures, and guidelines,

creating a robust ESG management system and provides a robust blueprint for managing and mitigating ESG-related risks, as well as for leveraging opportunities to enhance our positive impact on society and the environment



## Environment

Bolster environmental health through sustainable financial products & services and programs

## Social

Contribute to inclusive economic outcomes through our business activities, philanthropy, supply chain and employer in our communities

## Governance

Build enterprise resilience through ESG integration

- **Environment & Climate Change**  
Supporting the transition to a low carbon economy and reduce the impact of climate change.
- **Responsible Resource Use**  
Encouraging responsible and efficient use of resources throughout the Bank's operations.

- **Financial Inclusion**  
Enabling access to financial solutions supporting economic development and reducing inequalities.
- **Social Inclusion**  
Promoting financial intermediation in the economy.
- **Economic Inclusion**  
Empowering and building resilient communities especially to the undeserved.

- **Groupwide ESG Integration**  
Incorporating ESG in all investment and operations decisions.



# Our Environmental & Social Management System

In 2023, Co-operative Bank took a significant step forward in sustainable development by revamping its Environmental and Social Management System (ESMS). This initiative, in collaboration with the International Finance Corporation (IFC) and Deutsche Investitions- und Entwicklungsgesellschaft (DEG), realigned the bank's ESMS with international standards.

This enhancement was aimed at strengthening the bank's capacity for environmental and social risk assessment in relevant transactions, marking a pivotal advancement in its sustainability agenda.

### **Innovations in Environmental and Social Risk Management:**

Our Environmental and Social Due Diligence (ESDD) tools have now incorporated climate risk considerations and also incorporate Environmental and Social Action Plans (ESAPs) to identify, address, and mitigate potential risks effectively. The bolstering of the ESMS with these tools demonstrates the bank's proactive approach to integrating comprehensive risk management practices into its operational framework.

### **Capacity Building and Operational Integration:**

Underpinning these technical enhancements is a strong emphasis on capacity building. The bank has invested in internationally recognized certifications for its teams, ensuring the effective application and management of the upgraded ESMS.

Furthermore, the bank has seamlessly integrated ESMS-ready data capture fields into its new core banking system. This integration significantly enhances the bank's environmental and social risk classification capabilities, showcasing a deepened commitment to embedding sustainability into every facet of its lending processes.

### **A Renewed Promise of Environmental Stewardship and Social Responsibility:**

The refreshed ESMS framework stands as a testament to Co-operative Bank's dedication to environmental stewardship and social responsibility.

It underscores the bank's promise of transparency and its commitment to continuous improvement in its Environmental, Social, and Governance (ESG) initiatives.

This renewed framework not only reflects the bank's alignment with global sustainability standards but also reaffirms its leadership role in fostering a sustainable future.



# Our Sustainable Finance Framework

Co-operative Bank has crafted a Sustainable Finance Framework that outlines the methodologies for identifying and tracking green and social projects. This initiative is pivotal in aligning the bank's operations with global sustainability goals.

### Eligible Projects and Exclusion Criteria:

The framework categorizes eligible projects into areas such as renewable energy, clean transportation, and sustainable water management. It also establishes a rigorous exclusion list to ensure that financed activities promote environmental sustainability and do not contribute to degradation or pollution.

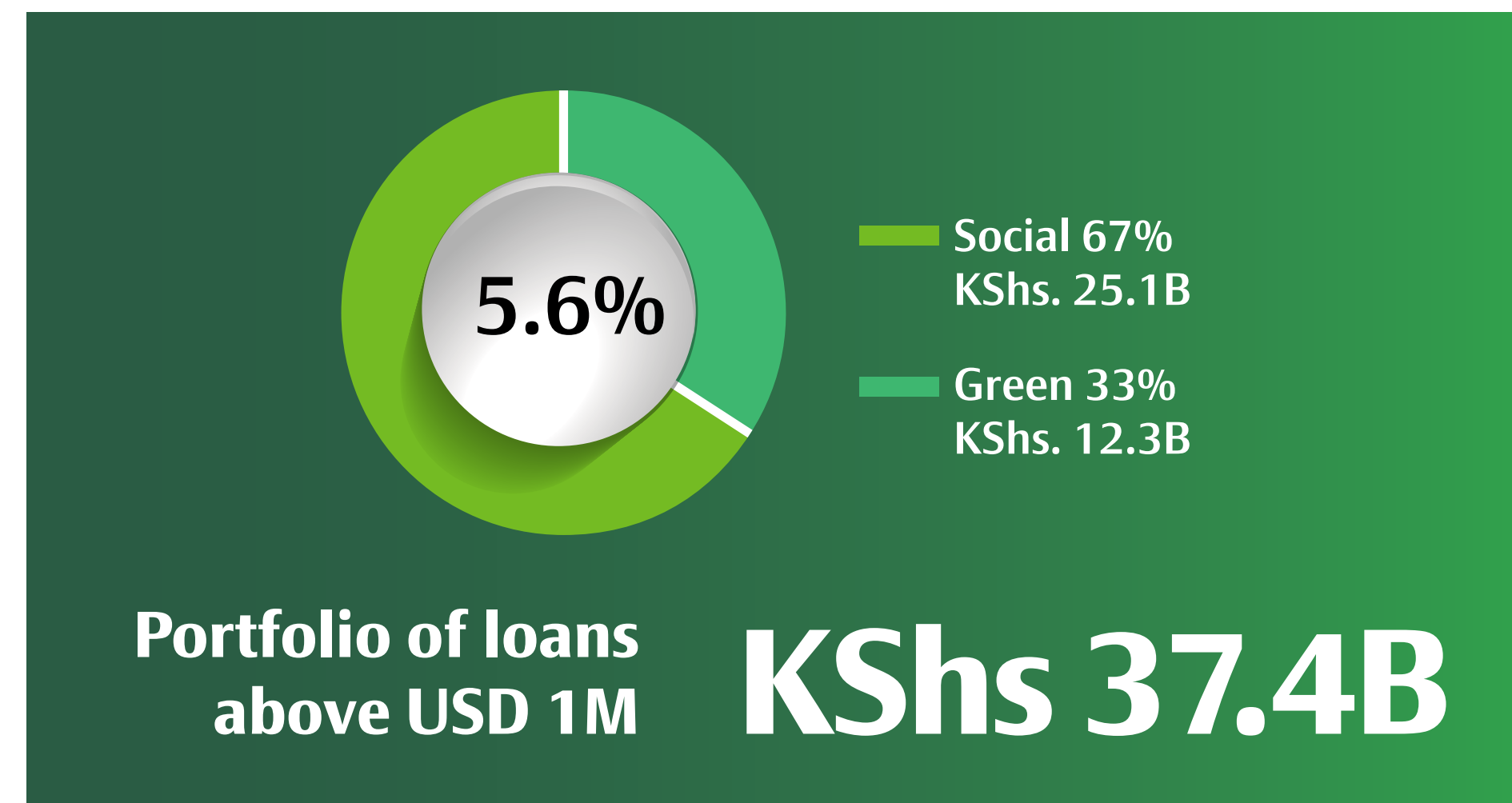
### Assessment and Impact:

Projects undergo rigorous scrutiny under the bank's ESG policy to ensure they meet the

framework's eligibility criteria. In 2023, the bank assessed that KShs. 37.4 billion, or 5.6% of its portfolio, qualifies as sustainable, emphasizing the bank's role in financing projects with positive environmental and social impacts.

### Future Directions and Technological Integration:

The bank is actively working to increase its green lending, which constituted 33% of the identified sustainable portfolio. Utilizing its new core-banking system, Co-operative Bank aims to better identify and track sustainable transactions, underlining its commitment to scaling up support for projects that contribute to a sustainable future.





# Climate Risk Management

## Understanding Climate Change Risks and Strategic Response

The Co-operative Bank acknowledges the significant risks posed by climate change, including recurrent droughts and floods, impacting various sectors such as energy, transportation, construction, agriculture, and manufacturing. Reflecting this understanding, the Bank has embarked on a strategic path, evident in its inaugural TCFD report to the Central Bank of Kenya (CBK). This report showcases the Bank's commitment by providing insights into its current status, ongoing progress, and future-oriented plans regarding climate-related risk management. Guided by the "Guidance on Climate-Related Risk Management (CBK, Oct. 2021)," the Bank is diligently implementing its comprehensive roadmap to manage these risks effectively.

## Governance, Strategy, and Operational Resilience:

At the heart of the Bank's approach is a robust governance structure, featuring board oversight and active management engagement, designed to tackle climate-related risks and opportunities decisively. Noteworthy milestones include the formalization of a climate risk management roadmap, establishment of an ESG Committee, and the nomination of Climate Champions. Strategically, the Bank integrates climate considerations into its business model to enhance resilience and sustainability. This includes conducting materiality assessments to pinpoint significant climate risks and opportunities, leading to the formulation of a Climate-related Risk Management and Integration Framework. In pursuit of operational excellence, the Bank

plans to onboard a climate risk consultant to aid in baselining emissions and framing a targeted mitigation and adaptation strategy.

## Metrics, Targets, and Strategic Partnerships for Climate Action:

A forward-looking aspect of the Bank's strategy involves developing precise metrics and targets encompassing greenhouse gas (GHG) emissions, energy efficiency, water usage, paper consumption, digitalization efforts, and the promotion of sustainable finance. The engagement with a climate risk consultant aims to refine the Bank's GHG Inventory, facilitating systematic data collection, emissions calculation, and the setting of ambitious yet attainable emissions reduction goals. Furthermore, the Bank is dedicated to forging strategic partnerships that promote sustainable business practices, encourage policy advocacy, facilitate access to green financing, and refine green project credit assessment processes.

## Future-Oriented Climate Initiatives and Stakeholder Collaboration:

Emphasizing a future-oriented perspective, the Bank is not just focused on risk management but also keenly aware of the opportunities arising from the global shift towards a climate-resilient economy. Acknowledging the journey ahead, the Bank commits to ongoing collaboration with stakeholders, including customers, investors, employees, and the broader society. This collective effort is aimed at supporting and participating in the crucial move towards a low carbon future.



# Stakeholder Engagement

# Stakeholder Engagement

## Stakeholder Engagement and Corporate Governance

We prioritize stakeholder engagement, adopting a stakeholder inclusive approach championed by our Board of Directors and Management. Leadership in corporate governance is highlighted by our top rating in the 2022 assessment by the Capital Markets Authority (CMA).

## Commitment and Feedback:

Our strategy includes actively identifying key stakeholders and valuing their feedback, shaping our policies, procedures, and strategies. Regular reviews ensure the relevance and effectiveness of these initiatives, with stakeholder feedback enhancing services like digital banking for better accessibility and user experience.

## Transparency and Communication:

At the core of our operations is understanding and meeting the diverse interests of our stakeholders, maintained through high transparency levels. All stakeholders are kept informed and engaged, with our formal dispute resolution process being accessible and efficient, outlined on our website and annual reports.

## Investor Relations and Strategy

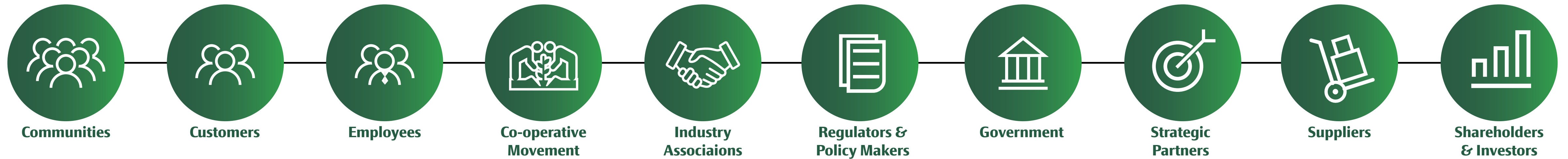
The Investor Relations and Strategy team ensures accurate and timely exchanges between the Bank and its stakeholders. This team is crucial for informing investors and stakeholders about the Bank's performance and strategic direction, particularly in ESG initiatives.

## Future Plans

In 2024, we plan to conduct a materiality assessment survey with external stakeholders to better understand their expectations and align our ESG strategy with their needs. This effort aims to ensure our sustainable development efforts are focused and impactful.

## Further Information

For comprehensive details on our stakeholder engagement, including who our stakeholders are, how we interact, and their key ESG concerns, refer to our 2022 and 2023 Integrated Annual Reports. These reports provide an overview of our stakeholder engagement outcomes, underscoring our commitment to sustainability and value creation.



# Material Topics

# Material Topics

As a financial services provider, we prioritize both financial performance and integration of ESG principles into our daily operations.

Our materiality assessment process allows us to identify and prioritize the sustainability topics that matter most to our stakeholders and to our long-term success.

The process begins with a materiality survey, that gathers insights to pinpoint the key areas where we have the greatest potential to impact both society and our business. In 2023, we conducted an internal survey that helped us concentrate our efforts on areas of highest economic, social and environmental impact.

These priorities were then integrated into our business operations and key performance indicators were developed and tied to these material topics, enabling us to monitor and track our progress in delivering sustainable value to our stakeholders.



## ESG Pillars

### Environmental

- Environment & Climate Change
- Responsible Resource Use

### Social

- Financial Inclusion
- Economic Inclusion

### Governance

- ESG Integration

## ESG Factors

- Resource use (water, electricity, fuel)
- Energy efficiency
- Waste Management & Pollution
- Green financing
- Climate Change

- Financial and economic inclusion
- Employment quality
- Training and development
- Stakeholder engagement
- Labour standards/ rights
- Occupational Health and Safety
- Supplier engagement
- Data security and privacy
- Product quality and access
- Philanthropy and Foundation Work
- Diversity

- Corporate governance quality
- Regulatory compliance
- Integrity and transparency
- Accuracy and timeliness of information
- Business ethics



## 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 based on their significance to achieving our business strategy.



## 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.

# Material Topics Identified

## Governance

Effective governance is essential for managing risks, ensuring regulatory compliance, building stakeholder trust, making informed decisions, and securing access to capital.

## Our Response

- Effective Governance structures
- Well, constituted, competent, and diverse board membership
- Dedicated Board committees
- Board oversight
- Integrity and Accountability
- Stakeholder Engagement
- Compensation
- Strategy implementation
- Ethical code of conduct

## Customer Experience

Positive customer experiences drive business success through increased engagement, loyalty, and revenue. Simultaneously, it reinforces the bank's commitment to social responsibility and sustainability, enhancing its reputation and competitive advantage.

## Our Response

- Equitable access to financial products and services
- Responsible lending,
- Transparency, fairness, distinctive customer service
- Innovative products & services tailor made to meet customer needs
- Measures to protect customer privacy and data
- Compliance on marketing, labelling and advertising
- Improving financial literacy levels
- Measures to support access to bank systems and services to those with disabilities

## Risk Management

Risk management is crucial to ensure that the Bank is sustainable, responsible, and able to contribute positively to economic growth and stability. It helps the Bank identify, assess, manage, and mitigate risks that could lead to financial losses, insolvency, or systemic crises.

## Our Response

- Regulatory compliance
- Operational resilience
- Adaptation to emerging risks
- Reputation and social responsibility
- Environment & social management (borrowers, suppliers or clients)



## Climate Action

Climate action intersects directly with an organization’s risk profile, regulatory compliance, operational efficiency, innovation potential, and reputation.

### Our Response

- Responsible resource use (energy, water, fuel)
- Waste management & pollution control
- Green and sustainable finance
- Sustainable Partnerships

## Employee Welfare

Effective employee welfare directly impacts financial performance through enhanced productivity, reduced absenteeism, and better talent retention, while also influencing both operational success and ethical business practices, demonstrating a commitment to the sustainable and responsible growth of the Bank within its community and the broader society.

### Our Response

- Wellness programs
- Grievance handling
- Whistleblower policy
- Training and development
- Diversity, equity, and inclusion initiatives
- Safety measures
- Performance evaluation, recognition and compensation
- Work-life balance

## Operational Excellency

Achieving operational excellence better positions the Bank to thrive financially and contribute positively to society and the environment and aligns our business practices with broader sustainability goals and stakeholder expectation.

### Our Response

- Efficiency and cost reduction measures
- Continuous improvement and innovation
- Positive and engaging work environment
- Supply chain management
- Internal Audits





# Sustainability Performance 2023



# Our 2023 ESG Journey Highlights

## Sustainable Growth and Environmental Management:

In 2023, we advanced our environmental stewardship, significantly refreshing our Environmental and Social Management System (ESMS) to better assess and manage environmental risks in our lending operations. The launch of our Sustainable Finance Framework marked a pivotal step, defining eligibility criteria for sustainable transactions and leading to a reclassification of our loan portfolio over USD 1M. Impressively, 33.2% of these loans are now recognized as green, and 66.8% as social, solidifying our role in sustainable banking. Through our partnership with the Kenya Wildlife Service (KWS), the Lusoi Hill reforestation initiative has made substantial contributions to the government's 10% forest cover goal.

The Bank successfully transitioned to the latest Finacle core banking system that has empowered us with enhanced flexibility and security, ensuring we meet our customers' evolving needs while safeguarding their data and assets.

Additionally, our provision of the Coffee Direct Settlement System at the Nairobi Coffee Exchange is set to revolutionize transparency for all stakeholders in the coffee value chain, particularly benefiting the farmers.

## Inclusion and Social Responsibility:

This year saw Co-operative Bank broaden its community reach, opening seven (7) new branches and driving financial inclusion forward. Our collaboration with the Kenya Mortgage Refinance Company PLC brought forth affordable housing loans at an accessible

9.9% rate, supporting societal access to housing.

Our Co-op Foundation, the Group's social impact vehicle, continues to provide social scholarships to gifted but needy students, with 10,264 students supported since inception.

More than 50,000 farmers across various agricultural sectors are poised to benefit from a KES 100M fund aimed at capacity building and digitization, spearheaded by the Bank.

A refocused effort on youth engagement led to the appointment of a dedicated Youth Manager and the launch of targeted campaigns, underpinning our investment in the financial literacy and future of younger customers. The Bank also maintains a robust wellness program for staff, fostering a culture of health and well-being.

The refresh of our outsourcing policy has clarified our strategic approach, objectives, and decision-making criteria, providing a robust framework for assessing outsourcing activities against our ESG Policy.

## Operational Efficiency and Digital Advancement:

Co-operative Bank has achieved a significant milestone by migrating 91% of customer transactions to alternative delivery channels. Our commitment to operational excellence saw us review and enhance key processes, from the digital account opening to cash deposit machines and the B2B integration solution, which streamlined services and improved customer experience.

## Governance and Compliance:

We have remained steadfast in our governance practices, exemplifying integrity and effectiveness throughout the year. Our ongoing compliance programs ensure meticulous reporting of suspicious activities, strict adherence to data privacy, and regulatory compliance.

The Risk Management Department has provided critical advisories, including El Nino preparedness, reflecting our commitment to staff safety and business continuity.

Co-operative Bank has also prioritized capacity building, with essential staff across ESG, HR, Credit, and supplier management achieving certifications in climate-related risk management, auditing social accountability, and implementing effective ESMS. Our board's comprehensive training in ESG compliance, climate governance, and risk disclosures has strengthened our governance and oversight capabilities.

## Accolades & Recognition:

In 2023, Co-operative Bank's commitment to ESG excellence was celebrated with numerous prestigious awards. Including the African Banker Awards, Catalyst Awards, FiRE awards, CIO Awards amongst others. These accolades reflect the Bank's overarching success in integrating ESG principles into all facets of our operations and culture.

## Climate action:

The Bank is on track in onboarding a climate consultant to support the Bank implement its board approved climate-related risk management roadmap.



# Infosys Finacle

We are excited to announce that we upgraded 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 the most innovative and advanced banking solutions.

## Our new banking system brought a host of benefits 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.

# Our Alignment to the Sustainable Development Goals

Co-op Bank's initiatives across these diverse areas underscore its role in advancing sustainable development through its business practices, highlighting a model for integrating SDGs into corporate strategy and operations through policy and governance.

Here's how the bank's initiatives align with specific SDGs. Progress realization of the Sustainable Development Goals (SDGs)



- Offering affordable financial services enabling individuals manage financial risks and invest in income-generating activities
- Offering financial literacy programs and access to financial services, empowering individuals and communities to improve their livelihoods, thus contributing to reducing the overall poverty rates
- Collaborating with the government programs, to facilitate the delivery of social protection payments



- Offering financial services and advisory support to enterprises within the agribusiness value chain.
- Developing digital platforms or services that provide farmers with real-time information on market prices, potential buyers
- Partnering with government agencies, and international organizations to fund and implement programs aimed at improving nutrition and food security
- Providing crop and livestock insurance



- Financing Healthcare Infrastructure
- Investing in programs and initiatives that promote mental health and well-being, including workplace wellness programs
- Providing access to high quality and standardized health care to employees and their families
- Providing access to affordable health insurance products



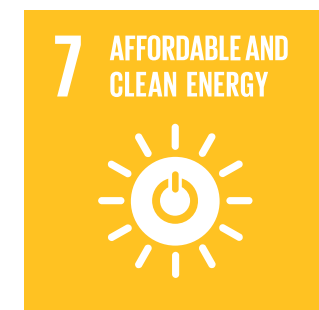
- Offering sponsorship to students at all levels of education, focusing on those from disadvantaged backgrounds
- Providing financial literacy and entrepreneurship programs to youth and adults to equip them with skills necessary for employment and personal financial management.
- Implementing employee education programs
- Training farmers in climate-smart agriculture



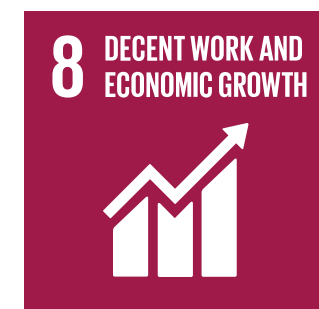
- Offering financial products that cater specifically to women, including loans (Msamaria Loan)
- Implementing policies and practices within the bank that promote gender equality, including equal pay for equal work, maternity and paternity leave, and opportunities for advancement and leadership for women.
- Developing technological innovations that increase women's access to financial services - MCo-opcash



- Offer financial support for projects focused on water supply, sanitation facilities, wastewater treatment plants, and water recycling and reuse technologies
- Adoption of water-efficient technologies in the Bank to help reduce water
- Partnership with [www.water.org](http://www.water.org) to offer address the critical water and sanitation needs within the community



- Providing loans and financial support for the development and expansion of renewable energy projects, such as solar, wind, hydro, and geothermal power
- Investing in Energy Efficiency in Bank premises. This includes installation of LED lights, motion sensor activated lights etc
- Financing solarization of schools and universities



- Fostering business growth, innovation, and job creation by providing loans, credit facilities, and other financial services tailored to the needs of MSMEs.
- Offering financial literacy training and skills development programs to MSMEs
- Developing technology and infrastructure that enhances the efficiency and reach of our financial services, such as digital payment systems and fintech innovations
- Offering trade finance products and services that facilitate international trade for Kenyan businesses, including export financing and letters of credit
- Implementation of the Bank's Environmental and Social Management System (ESMS) that ensures that human rights, labor, health and safety standards are adhered to and any ES risks are well managed.





- Financing infrastructural projects, including energy, water, transportation, and telecommunication.
- Implementing training and capacity-building programs for entrepreneurs and SMEs to enhance their business skills, knowledge of sustainable practices, and ability to innovate



- The bank's lending practices, employment policies, and service delivery are non-discriminatory and promote equality of opportunity for all individuals and communities..
- Providing affordable remittance services to support receipt of money from abroad
- Offering financial products that contribute to social protection, such as savings plans for education and healthcare and insurance products.
- Co-op Foundation supporting education needs of needy students



- In collaboration with KMRCP providing financing options for affordable housing projects to ensure access to safe and affordable housing
- Establishing PWD accessible facilities in the Bank premises including ramps
- Providing credit and business development services to small and medium enterprises (SMEs) in sectors related to urban development, such as construction, transportation, and waste management.



- Implementing energy-efficient practices in bank facilities, such as using energy-efficient lighting and appliances, promoting paperless transactions and communications, and encouraging recycling and waste reduction among employees
- Monitoring and managing the bank's use of water and other natural resources to ensure efficient use, including implementing water-saving fixtures and practices.
- Adopting IT practices such as server virtualization, energy-efficient data centers



- Implementing the Bank's climate-related risk management roadmap
- Financing agricultural practices that are resilient to climate change and contribute to carbon sequestration, such as agroforestry, conservation agriculture, and organic farming
- Promoting sustainable and green financing products that support renewable energy projects, energy efficiency, and other eco-friendly initiatives
- Integrating environmental and climate considerations into the bank's risk assessment and lending criteria, avoiding financing projects with significant negative environmental impacts
- Taking leadership role in the banking industry for sustainability, participating in forums, working groups
- The bank will calculate its carbon footprint and take steps to reduce it through energy conservation, use of renewable energy sources, and offsetting emissions where necessary.
- Collaborating with KWS to grow trees in Lusoi Forest



- Incorporating environmental risk assessments into lending and investment decisions to ensure that financed projects do not adversely affect marine and coastal ecosystems
- Implementing the Bank's exclusion list that exclude financing or investing in activities harmful to marine environments, such as destructive fishing practices, pollution, and habitat destruction
- The bank will calculate its carbon footprint and take steps to reduce it through energy conservation, use of renewable energy sources, and offsetting emissions where necessary.



- Collaborating with KWS to grow trees in Lusoi Forest
- Financing the development of hotels and lodges in wildlife parks that meet sustainability standards
- Assessing environmental risks and consider the ecological impacts of projects when making lending and investment decisions, promoting environmentally sustainable and socially responsible projects.



- Implementing transparent banking practices, including robust anti-money laundering (AML) and combating the financing of terrorism (CFT) policies, to help reduce corruption, illicit financial flows, and organized crime
- Fostering a culture of integrity within the organization and among clients by promoting ethical business practices and fighting corruption and bribery in all forms
- Ensuring that the bank's policies and practices are non-discriminatory and actively promote social inclusion and equality, contributing to peaceful and inclusive societies.



- Supporting government efforts on tax collection
- Offering financial services that facilitate trade, including trade finance and insurance products.
- Ensuring that the bank's policies and practices are aligned with sustainable development goals and principles, promoting policy coherence.
- Long term financing partnerships: IFC, DEG, Ecofund, SwedFund etc



# Our People

# Employee Overview

At Co-operative Bank, our people stand at the forefront of our operations and service excellence to deliver the Group’s strategy. In nurturing their talents and ensuring their well-being, we have created a work environment that not only fosters productivity and engagement but also embodies the safety, health, and satisfaction that lead to overall job fulfillment.

Our core values are as follows: We are trustworthy, innovative and agile, we value our customers/people, we share and collaborate, have a passion for excellence and are bold and courageous. Our approach to personnel management is holistic and includes;

- Competitive compensation and benefits to attract and retain the industry’s best.
- Career growth opportunities and a knowledge transfer program that anchors institutional knowledge and technical know-how.
- Work-life balance that empowers our employees to thrive in all facets of their lives, preventing burnout.
- Teamwork that promotes collaboration to lighten individual workloads and enhance our collective output.
- Regular communication and engagement that cultivates a positive relationship with our staff,
- Fair and equitable policies that assure every employee of their valued place within the bank.

- A structured dispute resolution mechanism stands ready to address and resolve conflicts, maintaining workplace harmony.
- Performance management with regular feedback and coaching to guide our team members along their professional journeys.
- Celebration of high-performing employees to motivate and recognize their contributions to our collective objectives.

• Staff training

This investment in our human capital has reaped significant benefits, evidenced by higher retention rates that translate into cost savings and a more experienced team. The resultant uplift in morale sparks increased productivity, driving innovation and deepening engagement.

The health and well-being of our employees lead to less absenteeism and superior work quality, which not only enhances our brand reputation but also attracts new talent.

Mindful of the risks, we have adopted strategies to mitigate the loss of expertise due to staff turnover, preemptively addressing employee burnout, and ensuring that our performance management system continually motivates and fosters innovation.

Our commitment to ongoing training and development guards against skill gaps, ensuring our competitive edge in a dynamic industry.

	2023	2022	Benefits Provided
Number of permanent employees	5400	4864	Parental (paternity/maternity/adoption) leave
Number of contract employees	763	583	Annual and sick leave
Sick off days	7213	5684	Staff salaries and Performance Bonuses
% female staff members	48%	46%	Workman’s Compensation Insurance
% male staff members	52%	54%	Staff retirement benefits scheme
% below 35 years	36%	35%	Employee Wellness Engagements
% of our staff who have disabilities	0.8%	0.7%	Medical Insurance
Number of paternity leave applicants	128	157	Life Assurance Cover
Number of maternity leave applicants	171	170	Personal Accident Insurance Cover
Employees covered by CBA	1933	1845	Preferential staff lending rates
New Hires	1003	838	
Average increase in staff remuneration	4%	4%	



# Diversity & Inclusion

At Co-operative Bank, we recognize the rich tapestry of perspectives that fuels our innovation and reflects the diverse clientele we serve. We have in place policies that guard against discrimination and foster equality, ranging from hiring to promotions. As an equal

opportunity employer, we maintain a healthy gender ratio actively fostering an inclusive environment where talent thrives on merit. We track diversity in the Bank by collating data on gender, age and people with disabilities.

## Promoting Gender Inclusivity & Equal Opportunities

### People with Disabilities

Persons with disabilities represent 0.84% of our total staff, and we have observed a yearly increase in this number. The Bank has implemented various measures to support inclusivity:

- We ensure equal and fair opportunities for recruitment, career development, and promotion for all staff, including persons with disabilities.
- Providing comprehensive support to employees who may develop disabilities during their tenure, ensuring they have the resources and adjustments necessary to continue their roles effectively.
- Extending assistance to parents and guardians of children with special needs and disabilities, recognizing the importance of family support in creating an inclusive work environment.
- Sponsoring essential disability support equipment such as wheelchairs to enable mobility and independence within the workplace.

- Providing PWD-friendly infrastructure, including ramps and accessible facilities, to ensure that our environment is conducive to all staff.

### Equal Pay

Competitive remuneration packages are paid to all permanent and contract staff. The bank employs the principle of equal pay for equal work ensuring that employees receive equitable compensation regardless of their gender.

### Gender Profile

The Bank's gender profile at various management levels is as per below.

Female Positions	2023	2022
Board of Directors	16%	16%
Senior Management	29%	34%
Management	44%	44%
Employee compliment	48%	46%
Contract employees	8%	12%





### Women

The Bank has implemented various measures to empower women in the organization. These include:

- Competitive vacancies for equal participation.
- Advanced training and exposure opportunities, including executive training programs workshops and seminars.
- Gender-neutral communication and using inclusive language.
- Specialized support to mothers raising children with special needs.
- “Inspire Her” Family Health and Wellness Program is a transformative initiative that focuses on promoting the overall well-being of women in the bank.
- 61 dedicated lactation rooms, offering them a comfortable and private space for nursing

### Men

The Bank has implemented various measures to empower men in the organization. These include:

- Competitive vacancies for equal opportunity.
- Advanced training and exposure opportunities, including training programs.

- Gender neutral communication and using inclusive language.
- Specialized support to fathers raising children with special needs.
- Designing various men’s programs like Man of Valor and Anchored Man
- Special men webinars in the month of June: the Men’s health month

### Age

With 36% of our staff under the age of 35, we are privileged to harness the unique blend of youthful vigor and seasoned experience, fostering a dynamic workplace that is innovative, knowledgeable, and adaptable to the evolving needs of our diverse customers.

### Cultural diversity

Our team’s varied cultural backgrounds are not just celebrated; they are integral to providing personalized banking that resonates with and respects each customer’s unique heritage and identity.



# Talent Management & Development

## Trainings conducted in the Bank

In 2023, over 3,000 staff undertook various training sessions across the Bank.

The Bank provides tailored training for employees to benefit them and to ensure alignment with business needs and ensure that our teams remain compliant with the latest regulatory requirements.

To enhance the Bank's robust Environmental and Social Management System (ESMS), targeted training was provided to key departments. Staff in credit, ESG, and business functions. These trainings included:

- DEGs & EDFI E&S requirements eLearning Course
- Various Environmental and Social Risk Analysis eLearning Courses on the KFW eLearning platform
- UNEP FI ESRA Course
- Lead Auditor Course ISO 14001
- SA 8000 Course

To align with the Central Bank of Kenya's climate risk guidelines, we mandated all employees to complete the Kenya Bankers Association Sustainable Finance Initiative's Climate Risk Management training, Module XII, now accomplished by 42.5% of our staff.

## Mentorship

The Bank trains all new hires to the Bank with the aim of orienting employees to the Bank's culture. Each hire is assigned to a mentor whose responsibility is to model and hand hold the employee to ensure they fit in well in their role.

At the end of every month, a performance report is shared with the HR department to ensure that the employee is achieving their objectives.

## Succession Planning

Succession planning is integral to our strategic foresight, encompassing comprehensive training programs, job shadowing, and role modeling to ensure business continuity.

At Co-operative Bank, we continue to grow and develop our employees through ongoing training and development and regular performance management. The bank has put in place coaching and mentorship measures to support a high-performance culture across the entire organization and has invested significantly in developing programs that aligns with the organization's goals and strategy. The bank administers training through its in-house eLearning platform, complemented by virtual and face-to-face engagements.

## Coaching

The Bank has certified professional coaches who are at hand to help staff unlock their potential and set them on a path to thriving personally and professionally.

All employees have performance and coaching sessions every quarter except for staff who are on extended absence for instance those on maternity leave or sick offs.

All team leaders undergo an internal coaching program as part of their leadership development

	2023	2022
Training spend (in millions)	57.3	73
Number of staff trained	3828	4086
Average number of learning hours achieved	14.72	11.1
Total number of courses (eLearning) completed	36000	35,783
Total number of courses (e-learning) completed by women	43%	48%
% of total number of courses (e-learning) completed by men	57%	52%
% of total number of employees coached (minus sick/maternity Leave)	100%	100%
% of staff who met and exceeded performance	98%	92.3%
% of staff who have completed KBA SFI – eLearning course on Climate Risk Management	42.5%	29%
Number of leadership programs	12	9
Number of staff who have undergone Leadership training	2403	1431



# Occupational Health & Safety

At Co-operative Bank, our Occupational Health and Safety management systems are designed to identify hazards, assess and mitigate risks, and offer focused worker training.

These systems extend to all personnel, including employees, contractors, interns, and supplier staff within our premises, ensuring a holistic approach to safeguarding every individual associated with our operations. Prioritizing the well-being of our workforce, we are equally committed to the physical and mental health of our workers, upholding their safety and security as paramount.

## The Bank's OHS Management System

The Bank has in place systems to prevent work-related injuries, illnesses, and accidents and to promote the health and well-being of workers. These include:

- Compliance with OHS regulations, and regular audits to ensure that our OHS practices are up to date with legal standards
- A OHS policy that outlines our commitment to health and safety, which are communicated to all employees.
- Health and safety committees made up of employee representatives that meet regularly to discuss issues and recommend improvements.
- Regular risk assessments and screening conducted to identify potential hazards in the workplace
- Ergonomic design of workspaces to prevent musculoskeletal disorders, which are common in desk-bound professions
- Wellness programs that address both physical and mental health including counseling services, and health screenings

- Provision of PPE for certain roles in the Bank
- Training for staff on issues like emergency response
- Emergency response plans and safety drills to prepare employees for potential workplace emergencies.
- Pandemic response plans to handle occurrence of pandemics
- Reporting and monitoring workplace incidents and accidents through the Bank's Universe system.

## Employee Wellness

The Bank's commitment to employee wellness is holistic, focusing on both physical and mental health through a range of programs. Personal counselling and financial coaching provide tailored support, while group sessions and wellness talks promote collective well-being. Rehabilitation and family health initiatives underscore our holistic care approach, complemented by specialized training for Mental Health Champions.

### 2023

No. of wellness talks (webinars)	137
No. of staff trained on OHS	161
No. of OHS related incidents	0
No. of OHS committees	58
Hearing screenings conducted	147
First Aid & Fire marshal trainings	18



# Occupational Health & Policy Statement

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 and safety and welfare of all persons, including staff, contractors, and visitors affected by 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 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 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
- Co-operating with, supporting, and promoting workplace health and safety at the workplace.
- Reporting or notifying any unsafe conditions that come to their attention.

**DR. GIDEON MURIUKI – CBS, MBS**  
 GROUP MANAGING DIRECTOR & CEO  
 NOVEMBER 2022



# Our Customers

# Our Customers

## Customer Experience

Co-operative Bank’s vision and mission focuses on delivering distinctive customer experience. This is shaped by our efficient business models, highly trained staff and innovative products & services. This experience is powered by digitization, ensuring operational efficiency and the reliability of our digital channels. Our commitment to customer service excellence is safeguarded by our robust risk management and compliance processes, with customer engagement and feedback mechanisms being central to continuous improvement and customer satisfaction. This was further affirmed by the Kenya Bankers Association (KBA) Customer Satisfaction survey conducted in 2023, where the bank emerged the overall winner.

### Customer Experience Indicators 2023

Customer Experience Score	90.7%
Average Wait time	12.4 min
Net Promoter Score (NPS)	53.4
CSatisfaction Score (CSAT)	87.6%
Social Merdia Interactions	2.1M
Complaint Resolution Rate	97.8%
Followers on Social Media	3M
Average system uptime	99.2%
Total Number of calls	3.2M

### Key Focus Areas

Co-operative Bank is committed to delivering a customer experience that is seamless, intuitive, and anchored in fairness and transparency. Our focus areas include:

- Streamlining in-branch service to be efficient and effective.
- Ensuring consistent accessibility and usability across digital platforms.
- Swiftly resolving complaints to uphold service quality.
- Utilizing analytics and feedback for ongoing customer journey enhancements.
- Integrating inbound and outbound communication for all-encompassing customer engagements.
- Use of Customer Relationship Management (CRM) solution for effective logging, tracking and resolution of customer complaints.
- Business Process Re-engineering to revamp processes that affect customers regularly
- Building capacity for staff with regards to service delivery

### Customer Relationship Mgt

Our CRM 365 solution is the definitive source for managing our customers. It is our central hub for logging customer requests, complaints, disputes and feedback:

The CX Department utilizes the system to:

- Track and ensure that most complaints are resolved within 3 days and the regulatory threshold of 7 days.
- Conduct regular analysis of the top customer issues that informs our solutions development
- To avail customer history which allows us to interact in a better way with our clients, as we are coming from a point of knowledge.

### Branch Service

Our extensive countrywide branch network provides a personal, face-to-face service experience. This direct interaction ensures not only efficient service but also a connection with the community we serve:

The Customer Experience Department identifies and resolves service challenges, continually refining our approach to branch service excellence:

- **Efficient Queue Time Management:** Utilizing digital queueing system to monitor, track and improve customer wait times by reviewing customer volumes, analyzing customer needs and allocating both physical and digital resources to manage the queues.
- **Complaints Management:** Facilitate and equip the branch staff to handle as many complaints as possible in the

frontline so as to avoid inconveniencing customers through escalations. Capturing and logging customer complaints and feedback on CRM for future reference

- **Operational Efficiency:** Minimal errors to prevent complaints, as well as streamlining various processes regularly.
- Capacity building for branch staff on a continuous basis touching on current industry trends, customer expectations, relevant products for clients and handling multiple roles to create a dynamic workforce that supports clients seamlessly

### Our Contact Centre

Our 24-Hour Contact Center ensures accessibility for every customer at their convenience. Here’s how we maintain seamless communication:

- **Multichannel Availability:** Open lines through Calls, WhatsApp, Social Media, Email, and SMS. Calls lead in popularity, with WhatsApp as a close second
- **Engagement Analytics:** Diligent tracking of social media activity, call volumes, and drop rates to support customers
- **Issue Resolution:** We proactively monitor and address high-engagement queries to enhance service quality.

- **First Call Resolution** is implemented to improve efficiency in complaints resolution and requests support.
- **Proactively offer solutions** based on the wide array of products and services available that are relevant to the customers.

# Customer Protection

Co-operative Bank prioritizes the well-being and satisfaction of our customers, embodying our core values through responsive product design, transparent communication, and ethical practices. We aim to deliver our distinctive customer experience while upholding the highest standards of integrity and security.

## Data Privacy and Security

Co-operative Bank takes a proactive stance on data privacy and security, ensuring the safeguarding of our customers' personal and financial information. Our comprehensive approach is designed to fortify trust, enhance security, and promote transparency in every interaction:

- **Robust Data Privacy Policies**

We have established policies to detail the handling, usage, and sharing of customer data

- **Enterprise Data Privacy Risk Management Framework**

This policy framework enables us to systematically manage and mitigate risks associated with personal information, ensuring a consistent focus on customer data protection.

- **Employee Empowerment through Training**

Regular and rigorous training sessions are conducted to equip our employees with the necessary tools to identify and mitigate potential data security threats.

- **Continuous Security Enhancements**

Our security measures are constantly reviewed and updated in response to emerging threats, leveraging the latest advancements in technology to maintain a secure banking infrastructure.

- **Access Control and Audit Procedures**

Strict access controls and regular audits are in place to prevent unauthorized access to sensitive information, thereby protecting customer data from potential breaches.

- **Proactive Security and Penetration Testing:**

Routine security audits and penetration tests are performed to uncover and address vulnerabilities, further securing our customers' information against unauthorized access.

- **Incident Response and Advanced Security Technologies**

We have established dynamic incident response plans and invested in cutting-edge security technologies to rapidly detect and respond to potential data breaches.

- **Comprehensive Cybersecurity Measures:**

Multi-layered cybersecurity defenses, including firewalls and intrusion detection systems, are employed to shield against cyber threats, complemented by employee awareness programs to foster a culture of vigilance.

- **Anti-Malware Protections and Data Backups:**

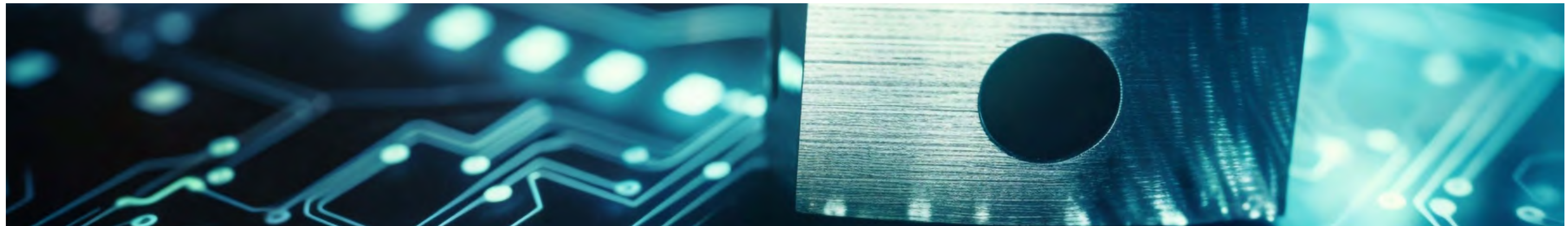
Deployment of robust anti-malware solutions and regular data backups ensure the integrity and availability of customer information, safeguarding against data loss and cyber-attacks.

- **Insider Threat Management:**

Clear policies and ongoing training sessions address insider threats, promoting a secure and aware banking environment.

- **Third-Party Vetting and Compliance:**

Rigorous due diligence processes for third-party service providers ensure compliance with our stringent information security policies, maintaining a secure and protected customer data ecosystem.



## Marketing and Communication

We are committed to transparency and integrity in our communications, aligning our marketing efforts with ethical standards and community values to ensure our customers make informed decisions:

- We adhere to the Marketing Operations Manual and the Code of Advertising Practice and actively seek to ensure that all our communications comply with national laws and regulations
- We do not engage in comparative advertising that directly compares prices or product features with competitors or depicts other institutions negatively
- We are a corporate member of the Marketing Society of Kenya
- We ensure full transparency by

hosting our tariff guide and general terms and conditions on our website and available in branches, facilitating informed customer decisions.

- We clearly disclose of all fees, charges, and terms for loans and cards are provided at the point of transaction or onboarding. This includes level of indebtedness allowed.
- Our commitment to customer clarity extends through various touchpoints, addressing concerns and clarifying product details to enhance understanding and satisfaction.
- Regular customer satisfaction surveys are conducted to gauge service experience, reinforcing our dedication to responsive and responsible customer engagement.



### Customer Incidents

2023

Incidents of non-compliance concerning marketing communications	0
Incidents of non-compliance concerning product and service information and labelling	0
Incidents of non-compliance concerning marketing and communications	0
Count of substantiated complaints on customer data privacy and data loss	1

# Financial Inclusion

At Co-operative Bank, our product innovation and personalized services are deeply rooted in our commitment to satisfying the diverse needs of our customers and advancing financial inclusion, placing them at the core of our business strategy.

Financial inclusion is central to Co-operative Bank’s mission, ensuring that all members of society have access to essential financial services.

Our strategy aims to empower individuals and businesses, particularly in underserved segments, to manage resources effectively, finance enterprises, and seize opportunities for income growth.

## The Drivers

Achieving our financial inclusion objectives is driven by a suite of strategic and operational initiatives:

- **Comprehensive Training:** Enhancing the capabilities of Cooperatives with specialized training and funding access.
- **Agribusiness Support:** Crafting financial solutions for smallholder farmers in partnership with agricultural cooperatives.
- **Digital Accessibility:** Expanding financial access through digital innovations for rural communities and MSMEs.

- **Inclusive Financial Products:** Designing loans, savings options, and planning tools tailored for low-income households.
- **Financial Education:** Conducting financial literacy programs to empower economic decision-making.
- **Crisis Response:** Aligning with governmental efforts to provide financial relief during emergencies.

## Frontline Divisions

The Bank has various divisions that provide customized products and services to various customer segments



Business Divisions	Description
Corporate and Institutional Banking	Specialized corporate financial solutions for large entities and institutions
Retail and Business Banking	Personalized banking services for individual and small business customers
Co-operatives Banking	Custom financial products designed for cooperative societies and their members

Digital Accessibility	2023
Percent of Transactions on Digital Channels	91%
Count of Omni channel Customers (Millions)	5
Count of Co-op Kwa Jirani Agents	17,056
E-Credit Disbursements (Billions)	75.3
Count of Co-op Till Customers	96,343
Total number of merchants	4,875

Social Payments	2023
Beneficiaries of Inua Jamii programme	56,200
Amount disbursed under the Inua Jamii Programme Kshs.	1.2B

Youth and Women Banking	2023
% of YEA account holders	18%
% of women benefiting from Msamaria Loan	22%

Financial Literacy	
Count of CCBI mandates (consultancies) to Co-operatives	3,410
Count of entrepreneurs (MSMEs) trained in business management	58,850

Agri Co-operatives	2023
Government-Supported Coffee Financing	10% financing rate for farmers’ coffee
Capacity Building for Coffee Unions	Supported 11 unions to comply with new regulations
Government-Supported Cotton Farmers Training	4 training sessions
Government-Supported Dairy Farmers Training	2 training sessions
Unions and affiliate societies onboarded on Direct Coffee Settlement System (DSS)	680 coffee farmers societies with 1282 coffee factories
Number of Societies integrated on Co-op Bank Soko	688
Farmers on Co-op Bank Soko	1,187,103
Training on climate smart agricultural practices	1 training session – Partnership with Finance in motion

Micro, Small & Medium Enterprises	2023
% growth in count of MSMEs	13%
Amount disbursed to MSMEs (E-credit & Core Loans) in Kshs	18.6B
% of e-credit disbursed to MSMes	39%
% of Female MSME Customers	46%
% of Youth (18-35) MSME Customers	14%



# Case Study

## Co-op Bank's Strategic Investment in Farmers' Future

At Co-operative Bank, we are transforming the agricultural landscape through innovative product offerings and personalized services, rooted in our commitment to financial inclusion and customer centricity. Our establishment of the KES. 100 Million Co-op Bank Farmers' Co-operative Societies Capacity Building & Technical Assistance Fund is a testament to this, aiming to empower farmers across Kenya with the tools for sustainable growth and enhanced productivity

The Co-op Bank established the Co-op Bank Farmers' Co-operative Societies Capacity Building & Technical Assistance Fund, a **Kshs. 100 Million initiative** aimed at capacity building, technical support, and digitization for farmer cooperatives. This transformative fund has embarked on capacity building for 30 cooperatives across seven agricultural sectors: Coffee, Cotton, Potatoes, Rice, Poultry, maize and dairy poised to impact over 3,000,000 individual farmers.

The Co-op Bank's Capacity Building Fund is crafted to bolster the sustainability, efficiency, and digital prowess of farmer cooperatives, fostering a 50% turnover increase and promoting environmental resilience. Managed by the Co-op Foundation and implemented by Co-op Consultancy and Bancassurance

Intermediary (CCBI), the initiative underscores technological advancements, strategic planning, and community upliftment, steering towards sustainable agriculture and improved livelihoods.

The project targets ambitious milestones: enhancing incomes for over 3 million smallholders, generating employment, especially for women and youth, and establishing climate-resilient cooperatives through advanced technology and improved operations. This concerted effort is expected to markedly advance community development, environmental stewardship, and poverty alleviation.

Under this initiative, significant strides have been made in various sectors, reflecting the fund's broad impact:

- Rice cooperatives have seen improved management-board relationships, bolstered record-keeping, and enhanced information security.
- Cotton sectors have recognized the value of strategic partnerships and digitization, leading to better financial planning and produce pricing.
- Poultry sector has benefited from improved governance and farming practices, establishing new strategic partnerships.
- Coffee cooperatives have witnessed a surge in member confidence and information security measures.
- Across the board, cooperatives have experienced enhanced stakeholder relations, strategic clarity, and governance, contributing

to a unified approach towards sustainable agricultural practices and increased animal productivity.

The integration of the Co-op Bank Soko platform has been a game-changer, creating a marketplace that connects farmers, input providers, and buyers, revolutionizing access to finance, and significantly impacting Kenya's agricultural landscape. So far 1.1 million farmers have been registered on the Co-op Bank Soko platform.

Through these strategic interventions, Co-op Bank is addressing the enduring challenges faced by Kenyan farmers, promising a sustainable shift in small-holder agriculture. This initiative represents a critical step in surmounting the obstacles to agricultural productivity and sustainability.



# Case Study

## Digitization for Impact with Coffee DSS

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 KShs. 120 million to South Korea.

In an ambitious move to support Kenya's coffee farmers and cooperatives, Co-operative Bank developed the Coffee Direct Settlement System (DSS). This innovative platform, grounded in the crops (coffee) (general) regulations of 2019 and the capital markets (coffee exchange) regulations of 2020, streamlines the management, clearing, and settlement of coffee sales from the Nairobi Coffee Exchange.

### Empowering Farmers and Enhancing Transparency

The DSS empowers coffee farmers and their cooperatives by enabling direct trade and reducing reliance on intermediaries, thereby enhancing transparency within the coffee value chain. A key feature of the system is the option for payouts in USD, allowing farmers to maximize their earnings by exchanging currency at competitive rates of their choosing. This significant step not only reduces their dependence on marketers and brokers but also marks a leap towards sustainable agricultural practices and financial empowerment.

### A Year of Impact

In 2023 alone, the DSS facilitated 1,870 transactions, settling USD 24 million through the system. A standout success story is the Kipkelion coffee union, which exported coffee worth Kes 105 million to South Korea using the DSS. This case exemplifies the transformative potential of direct trade, not just for enhancing farmer profitability but also as a model for other agricultural sectors.

### Driving Economic Development and Sustainability

By eliminating intermediaries, the DSS ensures farmers receive a fair share of the profits, contributing to improved livelihoods and economic empowerment. This initiative aligns with Co-operative Bank's broader goals of financial inclusion and agricultural sustainability, aiming to empower farmers with direct control over their sales and finances.



# Case Study

## Kevin Kariuki's Triumph: Home Ownership Against all Odds

“Kevin Kariuki’s story unfolds as a powerful testament to resilience and the transformative impact of financial inclusion. Supported by Co-operative Bank, Kevin transitioned from an economically disadvantaged background to achieve his dream of home ownership, showcasing how strategic financial guidance and support can turn aspirations into reality and uplift entire families.”

Kevin Kariuki’s remarkable journey, a testament to the transformative power of support and financial inclusion, finds its pinnacle in the achievement of home ownership. Emerging from an economically disadvantaged background, Kevin’s determination and positive outlook on life were evident even during his high school days. Co-operative Bank played a crucial role by providing support for pocket money and essentials, enabling Kevin to concentrate on his studies.

Despite facing formidable challenges, Kevin

excelled academically, achieving a B- Minus in the Kenya Certificate of Secondary Examinations (KCSE). Fueled by a deep passion for the disciplined forces, he successfully joined the armed services and later the Kenya Prisons, graduating from training in 2021 and receiving a posting to Maralal.

Throughout his journey, Kevin maintained a valuable connection with Co-operative Bank, seeking advice on investment opportunities and additional financial assistance. His primary goal was to secure a home for his mother,

transitioning her from a one-roomed slum rental house – where she had raised him and his sister – to home ownership in a better environment.

Recognizing the urgency of Kevin’s dream, Co-operative Bank provided invaluable financial guidance, emphasizing the time value of money. Advising Kevin to consider a Co-operative Bank loan rather than waiting to accumulate enough shares for a SACCO loan, the bank efficiently processed a loan of 930k over 60 months. This enabled Kevin to purchase a

half-acre plot in Endarasha at a favourable price. The efficiency of the loan process allowed Kevin to fast-track the land purchase and immediately commence the construction of a two-bedroom house for his mother. The family’s life took a positive turn, with Kevin’s mother thriving in farming, and the entire family experiencing improved life quality standards.

In expressing his gratitude to Co-operative Bank, Kevin acknowledged the pivotal role it played in his success. The achievement of moving his mother from a slum rental to owning a home

marked the fulfilment of his greatest dream. Kevin’s family continues to make significant strides, and whenever his mother is in town, she attributes their life-changing journey to the unwavering support provided by Co-operative Bank.

This heartwarming story reflects the profound impact of strategic financial guidance and timely support, illustrating how Kevin’s success story became a catalyst for positive change within his family, culminating in the realization of home ownership.



# Case Study

## Partnership in Progress: The Nyahururu School Success Story

Through a strategic partnership with Co-operative Bank, Nyahururu, Highway Senior School has undergone a transformation that extends beyond its gates, addressing teacher accommodation challenges while fostering community growth. This collaboration highlights the power of financial support in realizing sustainable solutions for education and community development alike.

In partnership with Co-operative Bank, Nyahururu Highway Senior School has achieved a significant transformation. Previously faced with the challenge of limited accommodation for teachers, the school approached Co-operative Bank for financial solutions. This partnership has since become an example of sustainable growth, benefiting both the institution and the local community.

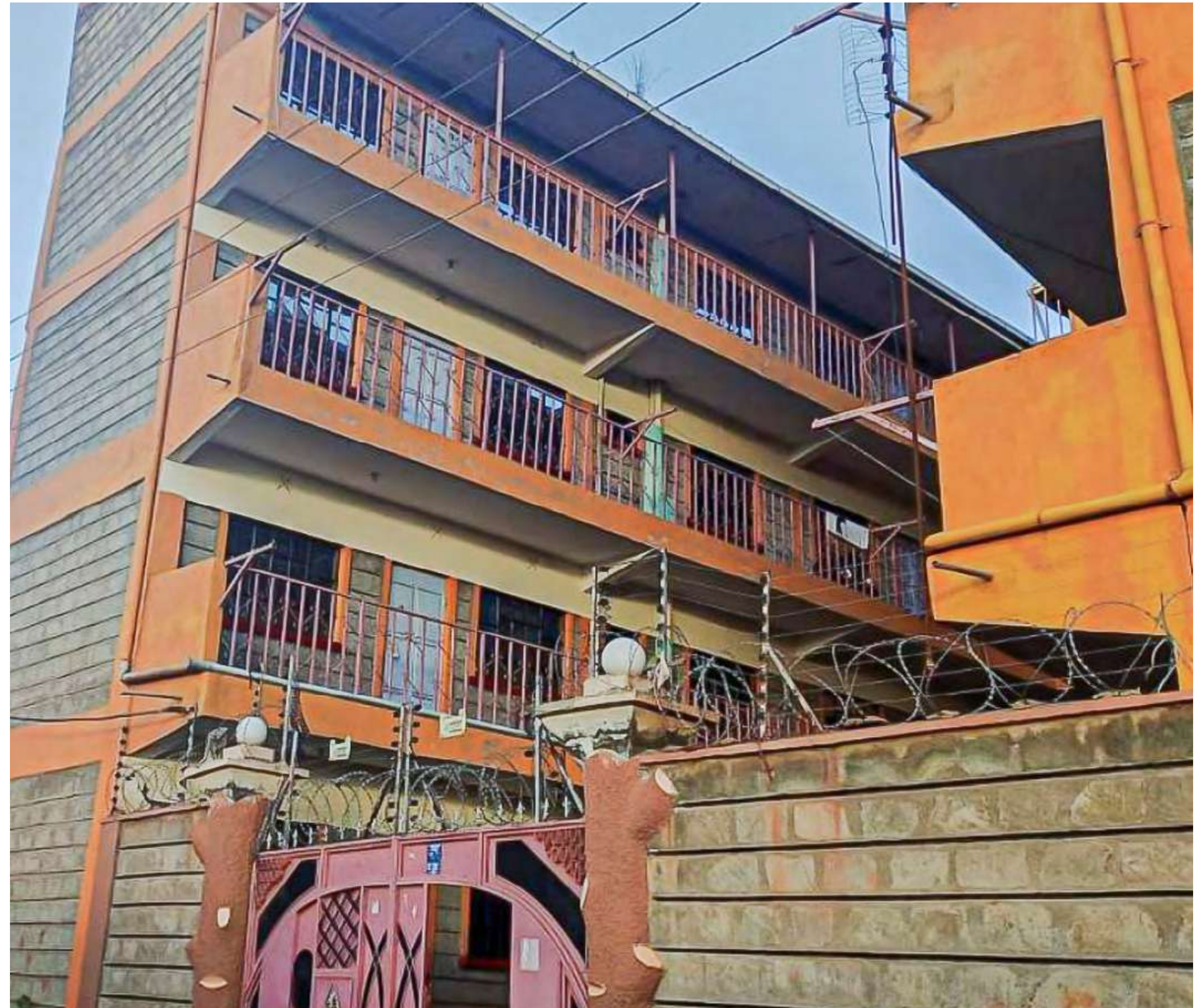
Financial constraints had been a barrier to constructing the necessary teacher accommodations. Understanding the crucial role of education in community development, Co-operative Bank provided a mortgage loan of KES 13.8 million. This funding was used to construct a multifunctional three-story building, offering both teacher housing and rental units for the local community, thereby addressing the immediate housing challenge and laying the foundation for broader community development.

This financial partnership enabled by Co-operative Bank, led to the completion of the building that now provides quality accommodation for teachers and generates a sustainable rental income for the school.

The positive economic shift experienced by the School through additional rental options exemplifies the project's extended impact. This initiative aligns with Co-operative Bank's mission to empower communities by providing diverse financial solutions and underscores its role not just as a financial entity, but as a catalyst for comprehensive community development.

This story echoes The Co-operative Bank's mission of empowering communities through diverse financial solutions. It showcases the bank's commitment to being more than just a financial institution but a catalyst for positive change and how financial institutions can contribute to holistic community growth. It underscores the importance of looking beyond immediate challenges and envisioning inclusive and innovative solutions.

The success story became a testament to the transformative power of strategic financial partnerships. Reflecting on the collaboration, the school's leadership expressed gratitude stating, "The journey so far is a testament to Co-operative Bank's unwavering support. Our success story is intricately woven with the bank's commitment to community development."





# Our Suppliers

# Sustainable Procurement & Outsourcing

Co-operative Bank upholds a sustainable procurement strategy that integrates stringent policy adherence, ethical sourcing, and support for local economic growth.

Our procurement practices are rooted in rigorous supplier evaluation, emphasizing compliance with environmental, social, and business ethics standards. This approach ensures the responsible acquisition of services and goods while fostering robust, transparent supplier relations and contributing to the vibrancy of our local communities

The Sourcing & Facilities Management Department aims to implement the Bank's sourcing strategy, ensuring cost efficiency, value creation, and transparency in the procurement process.

The Sourcing & Facilities Management Department aims to implement the Bank's sourcing strategy, ensuring cost efficiency, value creation, and transparency in the procurement process:

- The bank has formal internal procedures and a procurement policy that specify procurement requirements, accountability and authority to take procurement actions.
- The selection of suppliers is non-discriminatory and is based on their ability to meet the bank's

requirements and specifications in a cost-effective manner.

- Our contracts with suppliers include terms and conditions that require adherence to labor laws and regulations, health and safety, sustainability, and confidentiality agreements.
- We require suppliers to comply with international labor standards, uphold human rights and maintain ethical business practices
- We prioritize local businesses that will lead to the creation of jobs and the stimulation of economic activity that benefits the local community.
- A diverse supplier base is actively pursued, with a rigorous evaluation process in place during selection and continuous relationship management to ensure compliance and performance that includes dispute resolution to handle any conflicts or complaints
- The bank closely manages the relationships with suppliers and monitors their performance and compliance with the contractual obligations.

Key Indicators	2023	2022
Percent of local Suppliers	95.2%	93.5%
Amount paid to suppliers (Billions)	15.9	14.8



# Environmental Stewardship & Climate Action



# Environmental Stewardship

Co-operative Bank is committed to sustainable practices that reduces our environmental footprint in our business processes and operations. To manage responsible resource consumption the Bank has put instituted various initiatives. We collect data on the consumption, in value, of our water, energy, and paper use. This data is used to track our resource consumption and improve our resource efficiency.

## Energy Use

The Bank has implemented various energy efficiency initiatives including:

- Installing LED lighting, motion sensors and energy efficient ACs in the branches and offices
- Conducting energy audits and implementing recommendations to reduce energy consumption and costs
- Monitoring and optimizing diesel fuel consumption and maintenance of the generators
- Switching off lights at night when spaces are not in use
- Preference to hold online rather than physical meetings

As of Q3, 2023 total energy savings realized across the Bank was 444,062KWhs, this translates to about 51.5 tons of Co<sub>2</sub> saved

172 Branch LED upgrades have been completed.

## Water Use

We have implemented various measures to ensure sustainable water management including:

- Installed sensor taps in some of the existing facilities.
- Undertaken regular preventive maintenance to minimize water leakages.
- Closely monitored water usage and installed water harvesting.

## Paper Use

The Bank has implemented the following measures on responsible paper use

- Adopting paperless work processes, such as digital signatures, online banking, and e-statements.
- Reducing paper consumption by printing on both sides, using recycled paper, and minimizing paper waste.
- Digitizing workflows operations that are heavily reliant on paper, such as account opening, loan applications, customer records, and reports
- Implementing an electronic document management system that allows for digital storage and retrieval of documents
- Paper recycling – envelopes are designed for multi-use

## Pollution Control & Waste Management

The Bank has implemented various sustainable waste management practices, such as:

- Treating waste-water generated at the Leadership Management Centre through a modern water treatment plant
- Adopting a leasing policy for laptops and other electronic equipment to reduce electronic waste and promote reuse
- Implementing the 3R's: Reduce, Reuse, Recycle





# Case Study: Solar Powered Borehole Initiative

## Empowering Communities, One Drop at a Time

The Transformative Partnership of Co-operative Bank & Water.org

A notable instance of the partnership's impact involves a client from the Mlolongo Branch, Thomas, who sought a mortgage loan for his residential property development.

Faced with an acute water supply challenge, the partnership facilitated a solution by financing the construction of a solar-powered borehole, thereby securing a sustainable water source for the residential units.

### Strategic Partnership for Sustainable Development:

The Cooperative Bank's collaboration with Water.org marks a pivotal step towards achieving Sustainable Development Goal 6 (SDG 6) – ensuring the availability and sustainable management of water and sanitation for all. This partnership, initiated in March 2023 for three years, aligns with the global agenda for sustainable development, emphasizing innovative financing solutions in the Water Sanitation & Hygiene (WASH) sector.

### Innovative Financing for Community Impact:

This strategic alliance leverages the bank's financial products and services to meet critical water and sanitation needs, demonstrating a profound commitment to environmental and social governance. It showcases how financial services can be powerful tools for societal and environmental betterment.



Drilling of borehole



Progress of the borehole to connection to the residence



Progress of the borehole to connection to the residence



Solar panels installed



Progress of the borehole to connection to the residence

### SDGs Touched.



### Sustainable Solutions and Future Goals:

This project exemplifies the strategic use of financial solutions to foster sustainable development, setting a precedent for future initiatives aligned with corporate sustainability objectives. The bank's future goals include deploying financing solutions worth **KShs. 3 billion to benefit over 110,000 individuals, MSMEs, and institutions**, underscoring its leadership ambition in the water and sanitation sector.

### Commitment to Positive Impact:

The Cooperative Bank's efforts with Water.org reflect a commitment to significantly improving community well-being and environmental sustainability, positioning the bank as a leader in addressing water and sanitation challenges through strategic financial solutions.

# Climate Action

## Governance

We have ensured that climate considerations are part of our Board Charter, the Board Risk Committee's responsibilities, and the Board of Management's terms of reference. The Board of Directors, through the Board Risk Committee, are responsible for overseeing climate-related risks and opportunities, integrating ESG considerations into the bank's strategies, objectives, and risk management framework, and approving policies and programs that support ESG and climate change matters. The board members undergo regular training and updates on climate-related issues to enhance their expertise and decision-making.

The Board of Management, led by the Chief Risk Officer (CRO), is entrusted with approving and implementing the ESG and Climate Change strategy, supervised by the Board Risk Committee. The CRO oversees risk management plans and policies, ensuring the integration of climate-related risks in the risk management framework, and reports to the Board Risk Committee on significant climate-related risk issues and initiatives.

The bank has established the ESG Champions Committee and a dedicated ESG Unit under the Finance and Strategy Division to drive its ESG and Climate Change strategies efficiently. The ESG Champions Committee is responsible for proposing ESG strategies, identifying and mitigating ESG-related risks, and formulating the bank's ongoing climate change plans. The ESG Unit coordinates the implementation of the ESG Policy Framework that incorporates Climate-related Risk Management and Integration. The bank also has ESG Champions across all functional and divisional units to ensure appropriate assessment, transparency, and comparability in setting ESG-related engagements across its activities.





## Strategy

The Bank Conducted a materiality assessment to identify key climate-related risks impacting the business, such as physical risks (droughts, floods, extreme temperatures) and transition risks (regulatory changes, industry shifts, market conditions, consumer/stakeholder preferences). These risks may present both direct and indirect impacts on our operations, credit risk profile, customer base, and overall financial performance

The physical risks are likely to lead to decreased agricultural yields impacting loan repayment rates. Additionally, the Bank faces elevated funding costs due to reduced deposit volumes, due to a disruption in economic activities. The Bank sees this as an opportunity to support its customers to adopt climate-smart agricultural practices, risk-sharing mechanisms, and insurance solutions to mitigate the impact of extreme weather events.

In the medium to long term, the Bank expects more laws and regulations on energy and the environment, which could create new demand for capital and funding from its customers who need to comply with the requirements. The Bank also sees an opportunity to develop products and services that support the transition to clean energy and reduce the carbon and environmental footprint of its customers.

In addition to new financing products, there are opportunities in improving our operational efficiency. Implementing energy-efficient measures within our branches and offices will continue to significantly reduce our carbon footprint and operational costs. These initiatives include installing energy-efficient lighting and transitioning to renewable energy sources for our power needs

Our materiality assessment findings have shaped our strategic response to these factors. For example, with the identification of legislative changes as a material risk, our strategy now includes regular reviews of relevant legislation, early adoption of new requirements such as the new IFRS S1/ S2 standards and active participation in industry dialogues on policy changes which saw the Bank actively involved in the Kenya's TCFD reporting template development in liaison with KBA.

Our strategic response to climate action included developing a Climate-related Risk Management and Integration Framework for risk evaluation, mitigation strategy development, and ongoing monitoring.

To align our strategic planning with global best practice, the Bank adopted the Network for Greening the Financial System (NGFS) climate scenarios for strategic planning and resilience testing

The Bank's climate strategy is not static; it is subject to ongoing evaluation and enhancement based on emerging climate science, regulatory developments, and best practices.

- Going forward to ensure that the Bank is well-prepared to meet the challenges of a changing climate, we will continue to refine our strategies to ensure alignment with global practices and our local context.
- We further aim to develop our scenario analysis capability to enable us better understand and plan for future climate-related risks and opportunities.
- Additionally, to enhance our understanding of climate-related issues, across the entire Bank, we will continue to invest in continuous learning and developing.

# Case Study:

## The Lusoi Reforestation & Rehabilitation Project

### Project Overview:

The Lusoi Reforestation and Rehabilitation Project stands as a beacon of environmental restoration, covering 600 acres with over 350,000 trees planted. This significant effort marks a collaborative commitment to reforesting landscapes, enhancing biodiversity, and promoting ecological sustainability.

### Collaborative Efforts:

This initiative is a triumvirate partnership between the Cooperative Bank, the Kenya Forest Service (KFS), and the local community. The Co-operative Bank's contribution of over Sh30 million underscores the project's foundational support, enabling the construction of infrastructure crucial for forest management and the establishment of a nursery critical for the project's sustained success.

### Infrastructure and Community Involvement:

The bank's financial support has facilitated the construction of office blocks and residences for forest guards, improving forest management capabilities. A nursery established by the bank ensures a continuous supply of saplings, with local community members playing a vital role in the daily care of both the saplings and the newly planted tree.

### Guardianship and Sustainable Growth:

The partnership with KFS, cemented by a five-year MOU, introduces a dedicated team of forest guards ensuring the project's long-term stewardship. Plans to establish a borehole aim to provide an independent water source for the nursery, further securing the project's growth.

### Mitigating Wildlife Conflicts:

Innovative measures, including the construction of water troughs for elephants, address the potential for conflict between wildlife and reforestation efforts. This foresight allows for wildlife to access water safely without impacting the nursery or competing resources.

Our collaboration with KFS and the community ensures that every aspect of the project, from tree planting to wildlife care, is handled with dedication and foresight.

### Looking Forward:

With every tree planted, the Lusoi Reforestation and Rehabilitation Project not only restores the environment but also builds a model for future reforestation efforts. The collective vision of all partners involved paves the way for a sustainable and biodiverse future



Acting Chief Conservator of Forests and Kenya Forest Services (KFS) boss Alex Lemarkoko (Left) and Cooperative Bank of Kenya Group Marketing Manager Ngumo Kahiga (Right) during the launch of Lusoi Hill Participatory Forest Management Plan(PFMP) and Signing of the Forest Management Agreement (FMA) in April 2023

# Sustainable Finance

Co-operative Bank has established a sustainable finance framework to guide the identification and support of green and social projects, encompassing a range of environmental initiatives and incorporating a detailed exclusion list. In 2023, KES 37.4 billion, or 5.6% of its portfolio

above USD 1M was classified as sustainable, with efforts underway to increase green lending, which constitutes 33% of this sustainable segment. The bank is also enhancing its capacity to track sustainable transactions through its new core-banking system.

## Introduction to Sustainable Finance Framework (SFF):

The Co-operative Bank's SFF defines the bank's approach to classifying financing as sustainable, focusing on monitoring, tracking, and performance disclosure. It emphasizes the development of green and social products, spanning specific, dedicated, or general-purpose financing.

## Definition of Sustainable Finance Categories:

**Green Finance:** Activities designed for environmental improvement, supporting green projects or reducing climate impacts.  
**Social Finance:** Utilizes private capital for social/environmental challenges, aiming for public benefits and measurable impacts.

## Guiding Principles of the SFF:

Balancing financial returns with economic viability and growth through innovation and prioritizing inclusivity, risk management, resource optimization, and adherence to ethical standards, in line with Kenya Bankers Association (KBA) Sustainable Finance principles.

## Environmental and Social Management System (ESMS):

- Specifies activities/sectors excluded from sustainable financing due to negative impacts.
- Includes environmental and social due diligence procedures to ensure responsible financing.

## 2023 Achievements and Due Diligence:

Over 33 applications processed through the Environmental and Social Due Diligence (ESDD) process. Systematic E&S risk identification, assessment, and mitigation actions developed in collaboration with customers.

## Integration into Credit Processes:

- Environmental and Social risk assessments are integral to decision-making and contractual agreements.
- Standard Environmental and Social clauses are included in customer letters of offer.
  - A monitoring register is maintained to track the management of identified risks.

## Future Commitments and Technological Integration:

Aiming to deepen sustainable finance initiatives and sustainably tag the existing portfolio. Reviewing and classifying current financial activities to align with sustainability objectives. Integrating SFF data tags into the new core banking system for efficient tracking of sustainable transactions.

## Framework's Role and Commitment:

The SFF represents Co-operative Bank's dedication to sustainable development and ensures financing activities positively impact environmental conservation, social inclusion, and economic growth.



**5% of loans portfolio  
above USD 1M is  
sustainable at a value of  
KShs. 37.4B**



# Co-operative Bank Foundation

# Co-operative Bank Foundation

Co-op Foundation is a registered trust established to enhance the bank's corporate social investments. The foundation aims to promote long-term economic prosperity and quality of life for its customers and communities, based on the belief that "if our people prosper, we prosper".

In 2023, the foundation created value amounting to KShs. 144.9M mainly in supporting bright and needy students in five key areas. Since inception, the foundation has supported over 10,000 students.



## Agriculture

We seek to enhance small holder farmers' productivity



## Education

Increase access to quality education



## Youth & Women Empowerment

Enhance access to economic opportunities for youth and women



## Environment

Promote good practices in environmental protection



## Health

Support access to quality healthcare

Supported bright & needy students to the tune of  
**KShs 144.9M**





## Building Futures, Breaking Barriers

With its expansion from an initial cohort of 30 students per region to currently 60, and including an extra 5 students from each county, the program now proudly supports 655 students annually.

The Co-operative Bank Foundation's Secondary School Scholarship Program stands as a testament to the organization's dedication to educational equity and empowerment throughout Kenya. This represents a significant and wide-reaching effort to enhance educational opportunities for diverse communities.

### Educational Equity and Enrollment

In Kenya, secondary school enrollment has faced critical challenges, as evidenced by the 70.3% general enrollment and 53.2% net enrollment rates back in 2018. Systemic issues such as prohibitive costs—encompassing school fees, uniforms—and socio-economic barriers like poverty, cultural norms, and insufficient school infrastructures have greatly impacted education accessibility and completion. The Foundation's scholarship initiative targets these obstacles, effectively contributing to an increased number of secondary school scholars and, in turn, bolstering the enrollment figures across the nation. By 2023, the foundation's reach has extended to 402 schools across all 47 counties, thus supporting a wide spectrum of students in various school categories including national, extra-county, county, and sub-county establishments.

### Attainment, Completion, and Academic Excellence

The scholarship program boasts a remarkable 96% completion rate as of 2023. Through financial support, the program has been instrumental in enabling students to fulfill their academic journey without the hindrance of economic hardship. The academic achievements of scholarship recipients are noteworthy, particularly in the Kenya Certificate of Secondary Education (KCSE) examinations. Here, 91% of students have progressed to pursue university degrees, with another 8% entering technical and vocational institutes, and 1% embarking on craft and artisan certificate courses.

### Overcoming Cultural Barriers

The initiative's penetration into Arid and Semi-Arid Lands (ASAL) and marginalized communities has been pivotal in providing educational access to underserved demographics, especially girls. It has sparked a cultural evolution, shifting perceptions towards the value of education for all genders. Stories of success from these areas have been instrumental in reshaping attitudes and underpinning the importance of schooling for girls.

### Advancing Gender Equality

In alignment with the Sustainable Development Goal 5 and Kenya's Vision 2030, gender equality is a core focus of the scholarship program. Ensuring that at least one-third of the beneficiaries at the regional level are girls, with a goal of balanced gender distribution for county scholarships, the initiative proactively advocates for equal prospects for both males and females. This strategy is vital in addressing the prevalent gender disparities within educational realms and society at large. The 2023 enrollment statistics of 249 girls and 406 boys showcase the Foundation's staunch commitment to gender inclusivity, with special consideration for the support of orphans and physically challenged students.

The Secondary School Scholarship Program by The Co-operative Bank Foundation encapsulates a holistic method of mitigating educational inequality in Kenya. By challenging traditional norms and championing gender equality, the foundation is not only elevating academic standards but is also contributing to the creation of a more equitable and learned society.



# Case Study:

## Empowered to Excel

In the bustling locality of Githunguri, a narrative of resilience unfolded through the life of Samuel Kairu Kinyanjui, the eldest in a brotherhood of four. His academic odyssey began with a spark of brilliance in 2013, as he earned an impressive 344 marks on his initial KCPE examination.

### Perseverance Through Trials

Amid financial hardships that loomed large, threatening to extinguish his dreams of continued education, Samuel was compelled to repeat his final primary school year. Yet, his resolve never wavered, and the year 2014 witnessed a remarkable uplift in his academic pursuit with a score of 378 on his second KCPE attempt - a true testament to his unwavering determination.

### A Door to Opportunity Opens

The prestige of such an accomplishment ushered Samuel through the gates of Kijabe High School. It was during this period that the Co-operative Bank, via its foundation, stepped in, granting him a precious scholarship. The scholarship shielded him from the worry of being sent home for unpaid fees, instead paving a path of uninterrupted learning and growth.

### Mentorship Fuelling Aspirations

The mentorship provided by the Bank, especially the connection with the Limuru Branch Manager, stoked Samuel's quest for excellence. His academic journey culminated in the achievement of a B+ mean grade in his KCSE, instilling immense pride within his family.

### Crossroads and New Beginnings

Post-high school, Samuel joined the workforce of a local milk company, earning a modest KShs. 9,000 a month, while supporting his family and pondering his future steps. However, his narrative took another hopeful turn as news of yet another Co-operative Bank scholarship arrived. The opportunity for university education beckoned.

### Journey of Enrichment and Growth

As part of a comprehensive scholarship program, Samuel, alongside 27 other scholars, delved into a journey of training and mentorship, fostering his interest in matters of corporate affairs. His memorable stewardship under the guidance of Alfred Mwaura at Kiambu branch further ignited his passion and purpose.

Securing a place at Kenyatta University for a BA in Actuarial Science, Samuel's academic prowess continued to soar. In December 2023, he graduated with first-class honours - a victory shared with lecturers and peers alike,

and distinguished by a group project that merged actuarial expertise with climate change solutions—a project influenced by the Bank's ESG capacity-building initiatives.

### Enduring Support and Lasting Connections

Samuel reminisces about the bond he formed with the four peers from his scholarship cohort who attended the same university. Reflecting on the adversity they overcame together, including a robbery that showcased the Foundation's unwavering support, it becomes clear that the scholarship offered more than just financial aid; it provided a safety net of camaraderie and encouragement.

### Concluding Reflections on a Bright Future

Now a graduate, Samuel's aspirations stretch towards innovative startups and societal impact investments, with a potential pursuit of a Ph.D. His story becomes a beacon of inspiration, not only for his brothers but for all who dream passionately. Samuel's tales celebrate the transformative influence of belief, support, and the indomitable human spirit.

*In every challenge faced, every hurdle crossed, Samuel reaffirms the incredible power of faith in one's potential and the impact of nurturing this potential with care and opportunity.*



# Case Study:

## Empowering Kenya's Boda Boda Riders

The World Bank estimates that approximately 800,000 Kenyan youth join the labour market each year and only 50,000 succeed in getting professional jobs. With the current population trends, the overall number of unemployed youth will double between the years 2010 and 2035.

Underscoring the urgency of effective interventions, Co-op Bank Foundation, in collaboration with GIZ under the Employment and Skills for Development in Africa (E4D) program, launched the Jenga Rider initiative. This initiative is part of the broader E4D program, which seeks to improve employment outcomes in six African countries: Ghana, Kenya, Mozambique, South Africa, Tanzania, and Uganda.

A significant focus of the Jenga Rider project is the Boda Boda industry, a cornerstone of Kenya's economy, employing 1.2 million riders and serving 14.4 million people daily. With daily revenues of about Ksh. 600 million, the industry contributed approximately Ksh. 219 billion to the Kenyan economy in 2017, as reported by the Kenya National Bureau of Statistics (KNBS). By targeting this vital sector, Jenga Rider not only aims to improve individual livelihoods but also to bolster a critical component of the national economy.

Jenga Rider aimed to mitigate this issue by enhancing the business acumen of 2,400 youths, thus fostering business growth,

increasing savings, and encouraging the adoption of digital solutions for better access to information and compliance with road safety regulations.

In addition to these efforts, recognizing the energy sector's significant contribution to greenhouse gas emissions, which account for about 75% of the global total, the shift towards e-mobility in the boda boda sector is strategic. This sector's reliance on petroleum makes it a prime candidate for transformation through emerging clean energy technologies.

The transition towards e-mobility among Boda Boda riders represents a forward-looking stride in Kenya's commitment to the Paris Agreement, aiming to reduce carbon emissions by 45% by 2030 and achieve net zero by 2050.

To advance this transition, through the Jenga rider program, four regional workshops on e-mobility were hosted. These workshops were designed to raise awareness about e-mobility through experience sharing, showcasing various market technologies, and providing access to accurate information from e-mobility dealers.

Over 500 boda boda leaders from Kisumu, Mombasa, Eldoret, and Nairobi participated, marking a significant step towards integrating e-mobility into Kenya's boda boda sector, thereby aligning with global environmental goals while addressing the pressing issue of youth unemployment.





# Co-op South Sudan

## Empowering Girls, Shaping Futures: Bridging Education Gaps in South Sudan

South Sudanese girls face a challenge where only a small fraction complete primary education and even fewer progress to secondary education. The Girls' Education South Sudan (GESS) 2 program, seeks to address the challenges faced by the girls in their educational journey.

This initiative, aimed at improving girls' education in South Sudan, is a collaborative effort funded by various international donors including the UK Foreign, Commonwealth & Development Office (FCDO), Global Affairs Canada (GAC), the United States Agency for International Development (USAID), and the European Union (EU).

Built on the successes of GESS 1, GESS 2's main objective is to provide equitable, accessible, and essential support to the education sector in South Sudan, with a special focus on girls. This is done by providing cash transfers, capitation grants, and other support mechanisms to improve girls' enrolment, retention, and completion rates. Through this, the program aims to achieve significant improvements in the Gender Parity Index (GPI) from 2020 to 2024, reflecting a closer balance between boys and girls in primary and secondary education levels.

Co-operative South Sudan, a subsidiary of the Co-operative Bank Group, has played a crucial role in the Girls' Education South Sudan Phase

2 (GESS 2) project as the executor of cash transfer payments to school-going girls to alleviate financial barriers to education.

The program emphasizes the need for a qualified payment provider that can execute cash transfers while observing high standards of Know Your Customer (KYC) assurance, maximizing value for money, and maintaining robust mechanisms for the safeguarding of children and beneficiaries.

To ensure this is done the bank reaches out to school-going girls to minimize dropout rates and increase attendance and completion rates, providing a one-off annual payment to targeted beneficiaries in coordination with GESS donors and the Ministry of General Education and Instruction (MoGEI), Ensuring the effectiveness, efficiency, and equity of resource flow to the intended beneficiaries in a timely and effective manner; and reporting on disbursements with evidence and receipts for amounts disbursed.

Co-operative South Sudan's involvement highlights its commitment to contributing to the wider financial inclusion and economic development of the country and its contribution to the educational empowerment of girls in South Sudan. By facilitating cash transfers, the bank is not only alleviating the financial burdens faced by families but also ensuring that girls can enrol in and attend school.

# Kingdom Bank

## A Journey to Empowering Growth & Enriching Lives

Kingdom Bank is a subsidiary of the Co-operative Bank of Kenya since its acquisition in August 2020. It has made significant contributions to the parent bank's performance with over KShs. 9.82 billion in assets and KShs. 1 billion in income. As part of its strategy to grow assets, particularly in personal loans and micro, small, and medium-sized enterprises (MSMEs). Kingdom Bank has grown and supports 10,463 MSMEs.

In 2023, Kingdom Bank underscored its commitment to sustainable business practices by implementing a board-approved Environmental, Social, and Governance (ESG) policy framework in line within Co-op Bank Group ESG Policy Framework. The framework is designed to guide the bank's strategic emphasis on ESG initiatives and considerations in asset acquisition, focusing on creating long-term value for stakeholders and addressing climate-related risks and opportunities.

As part of the bank's strategy to support Environmental and Social initiatives, Kingdom bank partnered with stakeholders for positive environmental and social impacts. Through a partnership with the armed services, including

the Kenya Defense Forces, Kenya Police, GSU, Administrative Police Training College, and Kenya Prisons, Kingdom bank successfully planted 9,000 trees in Nairobi's satellite towns in the year 2023.

In line with its sustainable business model, Kingdom Bank has also engaged in financing solar power initiatives in ASAL (Arid and semi-arid) regions (7 successful disbursements), borehole drilling and rehabilitation (3 disbursements), along with opening accounts for E-mobility sector support (7 disbursements).

These efforts underscore the bank's dedication to environmental and social (E&S) initiatives through supporting green and renewable energy projects, clean cooking, social impact activities, and water project financing in arid and semi-arid regions.

Looking ahead, Kingdom Bank aims to finance over KShs. 100 million to individuals and microenterprises in sustainability segments by the end of 2024, to foster sustainable development and financial inclusion through financial sustainability projects/ partnerships and non-financial services i.e financial capacity building and awareness trainings.





## Co-operative Consultancy & Bancassurance Intermediary

### 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 3,410 successful

business advisory mandates and has conducted extensive training for numerous individuals from the Co-operative movement and microfinance institutions.

In the year 2023, CCBI carried out 145 consultancy assignments across Kenya and trained a total of 4,681 individuals. CCBI has 23 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'

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.

Key Indicators	2023	2022
Total CCBI Consultancy Assignments	143	208
Total Number of Successful Business Advisory Mandates	3,410	3,265



More than 3,410 successful business advisory mandates since inception



22 Staff

## Bancassurance

Bancassurance at our bank supports the agricultural sectors and rural communities with a comprehensive range of insurance products. Our initiatives and products are specifically designed to address the unique challenges faced in these areas. These include:

**Crop Insurance:** Aimed at safeguarding farmers' investments, our crop insurance covers unforeseen events like drought and diseases. We've placed special emphasis on key crops such as coffee and potatoes, with targeted efforts in agriculturally dependent regions including Nakuru.

**Livestock Insurance:** Understanding the value of livestock to farmers, we offer a specialized insurance product with an annual premium of KES 2,000. This competitive pricing strategy is part of our commitment to provide affordable protection for farmers' livestock.

**Personal Accident Cover:** With a modest premium of KES 400, this cover is particularly beneficial for small-scale farmers, providing necessary financial support for medical expenses in the event of accidents. It's an essential product for those involved in high-risk activities like tree planting.

**Micro-loan Insurance Product:** In collaboration with WeEffect, this product is designed to secure group loans, providing a

safety net against the death or accident of a member. It's particularly geared towards coffee farmers, rural housing cooperatives, small saccos, and Village Savings and Loan Associations (VSLAs).

To ensure these products are accessible, we leverage our extensive bank Network, which includes countrywide branches and select saccos, to distribute these insurance solutions effectively to our members. Moreover, our partnership with the Cooperative Insurance Company (CIC) enables us to offer comprehensive insurance solutions targeting a diverse range of groups such as saccos, agricultural cooperatives, community groups, self-help groups, and individuals.

Complementing our product offerings, we also conduct training and liaison with cooperative societies and county governments. These insurance awareness initiatives are crucial for educating stakeholders about the benefits of insurance, thereby fostering a culture of risk management.

This holistic approach to bancassurance is designed to deepen insurance penetration in the rural and agricultural sectors, meeting the distinctive needs of farmers and cooperative societies and enhancing their financial security and resilience against various risks.





# Governance

# Statement of Corporate Governance

## Core Governance Values and Structure

The Co-operative Bank prides itself on a well-established corporate governance structure, crucial for maintaining business integrity and stakeholder trust. Our governance values, grounded in responsibility, accountability, fairness, and transparency, align with the vCMA's code of Corporate Governance. These principles guide our commitment to shareholders and stakeholders, focusing on long-term value creation.

## Board Charter and Responsibilities

The board charter clearly delineates the roles between the Board and Management, emphasizing the Board Members' commitment to corporate governance policies and internal controls. This distinction ensures a strategic approach to sustainability and environmental responsibility, integral to the Bank's overall strategy and operational priorities.

## Strategic Planning and Oversight

The Board's approval of the Bank's Corporate Strategic Plan for 2020-2024 underscores its commitment to aligning with the Bank's core mission and vision. With rigorous quarterly

monitoring of business outcomes, the Board actively guides the Bank towards long-term success and stakeholder value enhancement. Communication channels, including meetings and updates, keep Directors and Management well-informed of governance practices.

## Ethical Leadership and Committee Governance

Leadership by the Board of Directors fosters a culture of sustainable governance, marked by ethical behavior and transparent accountability. Each Board Committee operates under specific charters that define their roles and responsibilities, ensuring governance practices remain effective and relevant.

## Recognition and Stakeholder Engagement

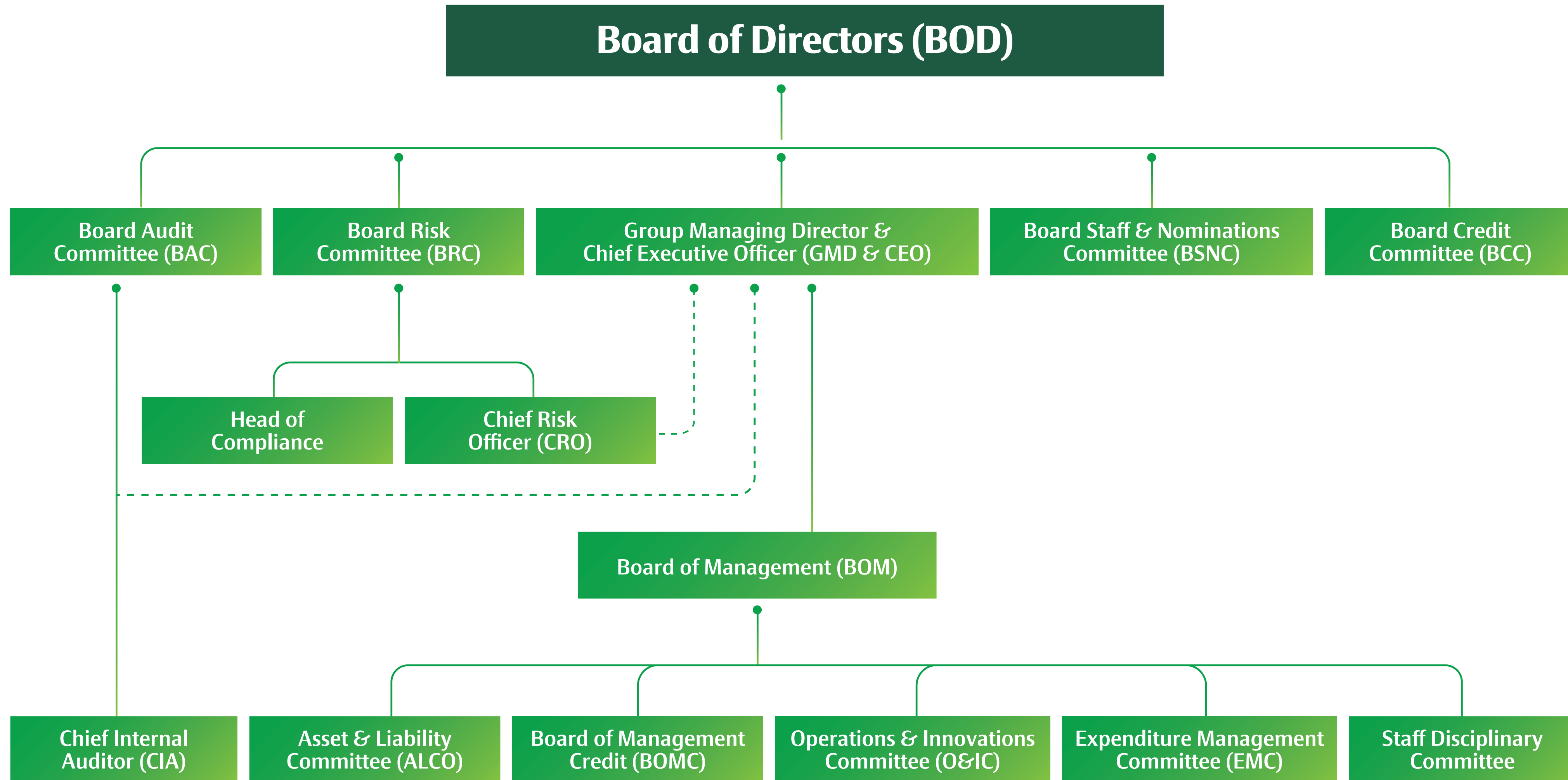
The leadership rating awarded by the Capital Markets Authority highlights the Board's effective oversight and commitment to equitable shareholder treatment. This recognition, along with developed policies and strategies, directs our ongoing operations and decision-making processes, reinforcing our pledge to exemplary corporate governance.





# Governance Structure

The Co-operative Bank has a well-established corporate governance structure which is critical to the maintenance of business integrity and stakeholders' trust.



# Governance Practices

## 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.116 of our [Integrated 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.116 of our [Integrated Annual Report](#)

## Board Chairman & Group Managing Director & CEO

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 & CEO.

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.

## Board Remuneration

The Board establishes transparent remuneration policies to attract and retain directors. A Board Staff & 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. 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.

# Governance Practices

## Code of Conduct & Ethics

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.

## Conflict of Interest

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. The Bank has a declaration of interest policy in place, which requires directors, their immediate families, and companies in which directors have interests to only do business with the Bank at arm's length.

## 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.

## 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/> 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, & 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.

## Transparency & 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.

# Governance Practices

## Integrity and Transparency

At Co-operative Bank, we uphold integrity and transparency at the core of our governance framework, meticulously managing risks such as insider trading, bribery, fraudulent activities, and data security to maintain our ethical standards and protect our stakeholders

- Enforcing a stringent code of conduct and a whistleblower policy to encourage ethical practices.
- Conducting regular audits and risk assessments, complemented by comprehensive employee training on ethical conduct.
- Implementing strict accounting policies, overseen by an independent audit committee, to ensure financial accuracy.
- Adopting comprehensive anti-money laundering measures, including rigorous due diligence and transaction monitoring.
- Ensuring the security of sensitive information through robust data protection policies, access controls, and encryption.

## Regulatory Compliance

Regulatory compliance is integral to our operations, guiding our efforts to manage risks related to data privacy laws, capital adequacy requirements, and market conduct regulations. We are committed to adhering to regulatory standards, protecting stakeholder interests, and fostering a secure and compliant banking environment by,

- Designated specific individuals to oversee compliance, assess risks, and implement effective controls for mitigation.
- Developed an Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) program, emphasizing customer due diligence, transaction monitoring, and ongoing staff training.
- Enacted data privacy policies to protect customer information and maintain transparency in its use.
- Established a capital management framework to ensure adherence to regulatory capital requirements.
- Implemented rigorous internal controls and procedures to comply with market conduct regulations and prevent insider trading and market manipulation.

## Corporate Governance Quality

At Co-operative Bank, we are committed to delivering reliable information, managing risks such as misreporting, inaccurate disclosures, and data breaches to ensure the integrity of our financial reporting and data management.

- Instituted robust internal controls for precise financial reporting and compliance with accounting standards.
- Ensured transparency and timeliness in all financial disclosures to maintain trust and meet regulatory expectations.
- Continuously reviewed and enhanced our data management systems and security protocols to safeguard data integrity.
- Established stringent policies to protect customer data confidentiality and prevent unauthorized access or breaches.

## Business Ethics

We uphold the highest standards of business ethics, safeguarding our reputation, and maintaining trust with our customers, employees, and other stakeholders.

This guides our proactive approach to mitigating risks such as fraud, corruption, anti-competitive practices, misrepresentation of products or services and conflicts of interest, ensuring our operations are governed by integrity and transparency.

- Implementing a comprehensive code of ethics and conduct to guide all employees.
- Establishing a robust internal reporting system for ethical violations to foster an environment of accountability.
- Conducting regular audits and monitoring of business practices to ensure compliance with ethical standards

## Key Indicators

Number of AML/CTF capacity building programs

2023

74 training programs

Number of significant monetary fines or significant non-monetary sanctions for non-compliance

No significant monetary fine or penalty for non-compliance

Confirmed incidents of corruption and actions taken

Nil



# Risk Management

# Enterprise Risk Management

At Co-operative Bank Group, we acknowledge that effective Enterprise Risk Management (ERM) is not only a critical pillar of our business strategy and operations but also a dynamic and integrated framework essential for our growth and resilience. Committed to enhancing shareholder value, we navigate our business development within the boundaries of our Board-approved risk appetite, always aligning with the interests of all key stakeholders.

Our ERM strategy is intricately designed to maintain a delicate balance between risk and reward. It's an ongoing commitment to not just manage but also anticipate a spectrum of risks-realized, current, and emerging.

This forward-looking approach provides us with a comprehensive view of the risk landscape, enabling us to address challenges proactively and ensure the security of our financial future.

We continuously refine our risk management capabilities, striving to create a meticulously controlled environment that supports our ambitious growth plans. Our ERM practices are integrated into every facet of our operations, ensuring that risk exposures are managed within agreed levels of risk appetite.

This strategic alignment helps to mitigate adverse variations in earnings and capital, minimize undue concentrations of exposure, and limit potential losses from stress events, thereby safeguarding our financial resources and stakeholder interests.

By embracing an integrated and forward-looking ERM approach, we aim to not only navigate the complexities of the financial landscape but also seize opportunities for innovation and growth. The overarching goal is to fortify our resilience against uncertainties and sustain a secure and thriving financial environment for our stakeholders, thereby delivering on our promise of shareholder value enhancement in a world of evolving risks.



# Risk Management Framework

At Co-operative Bank, our risk management framework encompasses principal risk categories that are fundamental to the safekeeping and integrity of our operations and reputation. Central to our framework are the key risk areas that we manage:

Credit risk management scrutinizes the creditworthiness of borrowers and the potential for default, directly impacting our financial stability.

Operational risk management considers the integrity of our internal processes, people, and systems, aiming to minimize losses from failures or breaches.

Market risk management takes into account the volatility of financial markets and the associated impact on our investment portfolio.

ICT risk management addresses the vulnerabilities associated with information and communication technologies, vital in today's digital banking landscape.

Business continuity management ensures that the bank has the resilience to withstand and quickly recover from disruptions.

Environmental and social risk acknowledges the bank's impact on, and responsibility to, the community and the natural environment including climate risk, aligning with broader sustainability goals.

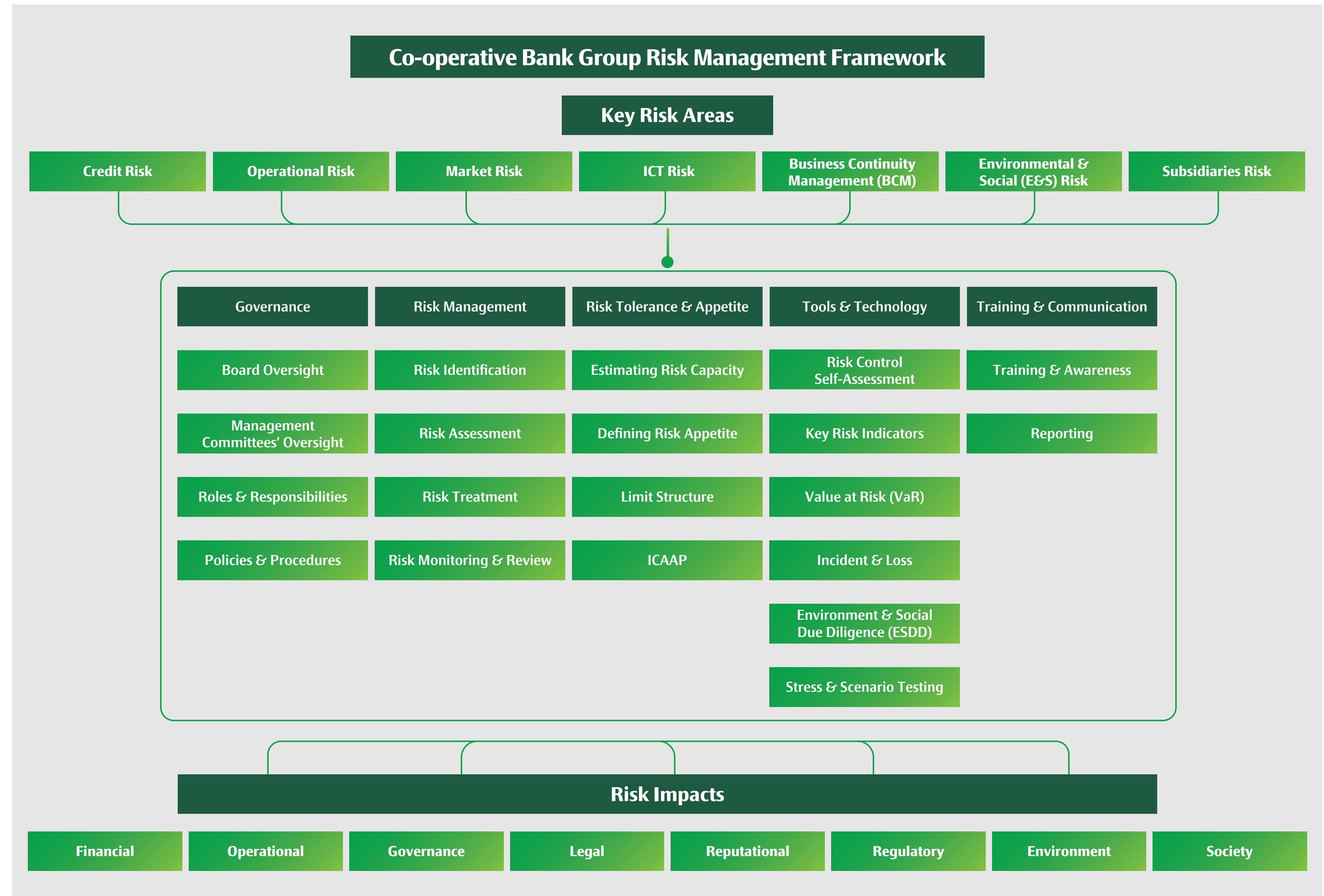
Subsidiaries risk oversees the challenges and exposures within our diverse portfolio of subsidiary companies, ensuring alignment with our overarching risk posture.

Tools and technology are leveraged for precision in risk identification, assessment, and monitoring.

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 through robust training and communication programs, ensuring that employees across the organization understand their role in risk management and are equipped with the knowledge to execute it effectively.

Find a comprehensive overview of the Bank's various risk categories and our approach to managing them in our Integrated Report

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



# 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 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.

Our risk management process involves a structured approach with the implementation of the 'three lines of defense' model to ensure robust oversight and management of risks. This comprehensive process entails identifying potential risks, assessing the likelihood and impact of each risk, developing and implementing strategies to manage those risks, and continuously monitoring and reviewing the effectiveness of these strategies to ensure they are robust and adaptive to the changing risk landscape.



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	<b>Business &amp; Operational Units</b>	<b>Execution</b>
<b>1st Line of Defence</b>	<ul style="list-style-type: none"> <li>• They are the risk owners and ensures risks are identified, assessed, mitigated, monitored and reporting according to the agreed frameworks</li> <li>• Operates within the agreed risk appetite.</li> </ul>	
	<b>Risk &amp; Compliance</b>	<b>Monitoring &amp; Control</b>
<b>2nd Line of Defence</b>	<ul style="list-style-type: none"> <li>• Works with the risk owners to ensure risks are identified, assessed, mitigated, monitored and reported according to the agreed frameworks</li> <li>• Designs the risk management frameworks and provides Policies &amp; Guidelines</li> <li>• Understands the regulatory environment and implication</li> <li>• Ensures risk management oversight by independent monitoring and controlling of the 1st line of defense.</li> </ul>	
	<b>Audit &amp; Assurance</b>	<b>Assurance</b>
<b>3rd Line of Defence</b>	<ul style="list-style-type: none"> <li>• Internal audit is an independent and objective assurance activity designed to add value and improve the operations</li> <li>• Focuses on operational auditing of the internal control system.</li> </ul>	





# Taxation

# Our Approach to Taxation

Co-operative Bank is committed to conducting its tax affairs in an accountable, transparent, and responsible manner. We recognize the impact of our tax commitments on various stakeholders and the societies in which we operate. Therefore, the Bank takes a deliberate approach to tax compliance, management, and planning, considering not just the legal

and economic perspectives but also ethical considerations. We believe that through tax, we contribute in driving progress towards the Sustainable Development Goals (SDGs) and contribute to the economic pillar of Kenya's Vision 2030 and is aligned to the Kenya Bankers Sustainable Finance Principles.

## Control & Risk Management

The Bank has implemented an internal control framework for tax, encompassing policies, procedures, systems, and controls designed to ensure accurate and timely tax reporting and payments. We have specific policies to identify, assess, and mitigate tax risks arising from our operations and transactions.

Our Standard Operating Procedures (SOPs) are integral to ingraining our tax approach within the organization and ensuring compliance obligations are effectively monitored. These SOPs are regularly updated in response to changes in the business environment or legislation.

## Tax Governance

The Board of Directors holds ultimate responsibility for the Group's tax strategy, policy, and risk management. The execution of these responsibilities is overseen by the Group Managing Director and CEO.

A dedicated Tax Unit within the Financial Accounting Department is responsible for practical aspects of tax compliance, managing tax risks, and exploring opportunities.

This Department operates under the Director of Finance & Strategy, creating a clear and efficient reporting pathway that extends from the Tax Unit to the Group Managing Director and CEO, ensuring seamless governance and oversight across all levels of tax management

## Management concerns related to tax

Taxation is a complex and dynamic area presenting various challenges and opportunities. The Bank managed key tax aspects such as tax compliance, transparency, planning, disputes, and the implications of digitalization.

We adhere to fundamental principles in our tax-related matters, emphasizing compliance, maximizing shareholder value through legitimate tax optimization, engaging in transactions that have commercial, economic and shared value, and preventing the facilitation of tax evasion.

## Stakeholder Engagement

We engage constructively with tax authorities and other stakeholders on tax matters, aiming for a cooperative and transparent relationship.

The Bank discloses its tax practices and performance in its annual integrated report and responds to requests for information and consultations from tax authorities and other stakeholders in a timely and accurate manner.



# GRI Index

	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>GRI 2: General Disclosures</b>	2-1 Organizational details	131	Pg. 2	Supplementary Details
	2-2 Entities included in the organization's sustainability reporting.	Pg. 2	Pg. 2	Co-operative Bank group structure
	2-3 Reporting period, frequency, and contact point	Pg. 2	Pg. 2	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. 2	External Assurance
	2-6 Activities, value chain and other business relationships	Pg. 13-17, 21, 50-51	Pg. 11	Our Business
	2-7 Employees	Pg. 80	Pg. 37	Employee Overview
	2-8 Workers who are not employees	Pg. 89	Pg. 37	Employees
	2-9 Governance structure and composition	Pg. 114	Pg. 71	Governance
	2-10 Nomination and selection of the highest governance body	Pg. 118	Pg. 73	Board of Directors Sub-Committees
	2-11 Chair of the highest governance body	Pg. 114	Pg. 73	Board Operations and Control
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 68	Pg. 20	ESG Governance
	2-13 Delegation of responsibility for managing impacts	Pg. 68	Pg. 20	ESG Governance
	2-14 Role of the highest governance body in sustainability reporting	Pg. 68	Pg. 20	ESG Governance
	2-15 Conflict of interest	Pg. 121	Pg. 74	Conflict of Interest
	2-16 Communication of critical concerns	Pg. 80	Pg. 26	Stakeholder Engagement
	2-17 Collective knowledge of the highest governance body	Pg. 116	Pg. 73	Board Composition
	2-18 Evaluation of the performance of the highest governance body	Pg. 120	Pg. 73	Board performance evaluation
	2-19 Remuneration Policy	Pg. 120	Pg. 73	Board Remuneration
	2-20 Process to determine remuneration	Pg. 120	Pg. 73	Board Remuneration
	2-21 Annual total compensation ratio	(-)	(-)	
	2-22 Statement on sustainable development strategy	Pg. 73	Pg. 18	Our Approach to ESG
	2-23 Policy commitments	Pg. 121	Pg. 74	Code of Conduct and Ethics
	2-24 Embedding policy commitments	Pg. 121	Pg. 74	Code of Conduct and Ethics, Whistleblowing Policy
	2-25 Processes to remediate negative impacts	Pg. 70	Pg. 22	Our Environmental and Social Management System
	2-26 Mechanisms for seeking advice and raising concerns	Pg. 121	Pg. 74	Governance Practices
	2-27 Compliance with laws and regulations	Pg. 83	Pg. 75	Regulatory compliance
	2-28 Membership associations	Pg. 82	Pg. 26	Industry Associations
	2-29 Approach to stakeholder engagement	Pg. 78	Pg. 26	Stakeholder Engagement
	2-30 Collective bargaining agreements	Pg. 89	Pg. 37	Employee Overview

	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>Material Topics</b>	3-1 Process to determine material topics	Pg. 87-88	Pg. 28	Material Topics
	3-2 List of material topics	Pg. 88	Pg. 28	Material Topics
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Pg. 13	Pg. 13	Financial and Economic Inclusion
	201-2 Financial implications and other risks and opportunities due to climate change	Pg. 104	Pg. 58	Climate Strategy
	201-3 Defined benefit plan obligations and other retirement plans	Pg. 89	Pg. 37	Employee Overview
	201-4 Financial assistance received from government	N/A: The bank take has not received any form of financial assistance from the government.		
<b>GRI 202: Market Presence 2016</b>	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. 38	Diversity & Inclusion
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	(-)	Pg. 63	Co-op Foundation
	203-2 Significant indirect economic impacts	Pg. 108	Pg. 63	Sustainable Procurement & Outsourcing
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	(-)	(-)	
	205-2 Communication and training about anti-corruption policies and procedures	Pg. 83	Pg. 75	Governance Practices
	205-3 Confirmed incidents of corruption and actions taken	(-)	Pg. 75	Governance Practices
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Pg. 83	Pg. 75	Governance Practices
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	Pg. 83	Pg. 81	Our Approach to Taxation
	207-2 Tax governance, control, and risk management	Pg. 84	Pg. 81	Our Approach to Taxation
	207-3 Stakeholder engagement and management of concerns related to tax	Pg. 80	Pg. 81	Our Approach to Taxation
	207-4 Country-by-country reporting	Pg. 156	(-)	(-)
<b>GRI 301: Materials 2016</b>	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 reports.		
	301-2 Recycled input materials used	Pg. 102	Pg. 55	Environmental Stewardship
	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.		

	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>Energy</b>	302-1 Energy consumption within the organization	Pg. 102	Pg. 55	Environmental Stewardship
	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.		
	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. 102	Pg. 55	Environmental Stewardship
	302-5 Reductions in energy requirements of products and services	(-)	(-)	
<b>Water and effluents</b>	303-1 Interactions with water as a shared resource	(-)	(-)	
	303-3 Water withdrawal	(-)	(-)	
	303-4 Water discharge	Pg. 102	Pg. 55	Environmental Stewardship
	303-5 Water consumption	Pg. 102	Pg. 55	Environmental Stewardship
<b>Biodiversity</b>	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. 75	Pg. 35	SDG Alignment
	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.		
<b>Emissions</b>	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 disclosures.		
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity	N/A: we do not have any disclosure available regarding energy intensity, however, we are actively working to include thorough disclosure on our energy management in our forthcoming reports.		
	305-5 Reduction of GHG emissions	Pg. 102	Pg. 59	Energy Efficiency
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable: The Bank does not report on 305-6 Emissions of ozone-depleting substances (ODS) as it is not applicable to our business activities. Our operations do not involve the use or release of ozone-depleting substances		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	The Bank does not disclose information regarding Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions. we value transparency and are continuously reassessing our disclosure practices to ensure we provide comprehensive information in areas that are material to our stakeholders.		

	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>Waste</b>	306-1 Waste generation and significant waste-related impacts	(-)	Pg. 55	Environmental Stewardship
	306-2 Management of significant waste-related impacts	Pg. 102	Pg. 55	Environmental Stewardship
	306-3 Waste generated	Pg. 102	Pg. 55	Environmental Stewardship
	306-4 Waste diverted from disposal	Pg. 102	Pg. 55	Environmental Stewardship
	306-5 Waste directed to disposal	Pg. 102	Pg. 55	Environmental Stewardship
<b>Supplier environmental assessment</b>	308-1 New suppliers that were screened using environmental criteria	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
	308-2 Negative environmental impacts in the supply chain and actions taken	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>Employment</b>	401-1 New employee hires and employee turnover	Pg. 89	Pg. 37	Employee Overview
	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. Pg. 37 Employee Overview		
	401-3 Parental leave	Pg. 89	Pg. 37	Employee Overview
<b>Labor/management relations</b>	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.		
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational Health and Safety Management System	Pg. 92	Pg. 41	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Pg. 92	Pg. 41	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. 92	Pg. 41	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Pg. 92	Pg. 41	Occupational Health and Safety
	403-6 Promotion of worker health	Pg. 92	Pg. 41	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 92	Pg. 41	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Pg. 92	Pg. 41	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	Pg. 92	Pg. 41	Occupational Health and Safety

	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>Training and education</b>	404-1 Average hours of training per year per employee	Pg. 91	Pg. 40	Talent Management & Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg. 91	Pg. 40	Talent Management & Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg. 91	Pg. 40	Talent Management & Development
<b>Diversity and equal opportunity</b>	405-1 Diversity of governance bodies and employees	Pg. 116	Pg. 38	Diversity & Inclusion
	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.		
<b>Non-discrimination</b>	406-1 Incidents of discrimination and corrective actions taken	(-)	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	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.		
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Pg. 86	Pg. 26	Stakeholder Engagement
	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.		
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
	414-2 Negative social impacts in the supply chain and actions taken	Pg. 101	Pg. 53	Sustainable Procurement & Outsourcing
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	The bank maintains a clear policy of not engaging in any form of political contributions.		



	Disclosure	IR Report	ESG Report	Reference topic within this report
<b>GRI 416: Customer Health and Safety 2016</b>	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)		
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	Pg. 95	Pg. 46	Customer Protection
	417-2 Incidents of non-compliance concerning product and service information and labeling	Pg. 95	Pg. 46	Customer Protection
	417-3 Incidents of non-compliance concerning marketing communications	Pg. 95	Pg. 46	Customer Protection
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg. 95	Pg. 46	Customer Protection



# CO-OPERATIVE BANK

We are you

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Offering wealth management services

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Kingdom Securities Ltd Kingdom Securities Limited (KSL) is licensed as a stockbroker at the NSE offering stock brokerage and advisory services

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Co-operative Bank, through Co-op Consultancy & Bancassurance Intermediary Limited (CCBI) provides capacity building to Cooperatives through Advisory and Training Services.

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